MONDAY SPORTS
NFL GAMES
Page 21

International Herald Tribune

Published With The New York Times and The Washington Post

No. 33,787 42/91 ** PARIS, MONDAY, OCTOBER 14, 1991 ESTABLISHED 1887

4 Lawyers Testify Hill Told Them of Sexual Harassment

Professor Passes Lie Detector Test

Paul F. Horvitz
International Herald Tribune

WASHINGTON — Four lawyers gave sworn testimony to a Senate committee on Sunday that indirectly strengthened the credibility of Anita F. Hill's allegation of sexual harassment against Judge Clarence Thomas.

The four successful attorneys said that Professor Hill had told them in separate private conversations during the early and mid-1980s that she had been subjected to embarrassing and painful sexual harassment by her boss.

Three of the lawyers knew that boss to be Judge Thomas, then an important federal bureaucrat and now President George Bush's nominee to the U.S. Supreme Court.

Also on Sunday, a lie detection expert said that Professor Hill, currently a law professor at the University of Oklahoma, had voluntarily taken a polygraph examination and that, in his opinion, she had not fabricated her testimony. Lie detectors are not considered reliable enough to be used in American courts, although they are considered helpful as investigative tools.

One of the lawyers who testified on Sunday, Susan Hoerchner, a workers' compensation judge for California state government, said Professor Hill had told her in a long phone conversation in the early 1980s that she had been sexually harassed by Mr. Thomas and that he had said: "I'm your kind of man, but you refuse to admit it."

Speaking slowly to the Senate Judiciary Committee, Judge Hoerchner added: "She told me that she was very humiliated and demoralized by Mr. Thomas's behavior, and that it had shaken her faith in her professional ability."

Ellen M. Wells, an attorney in Washington with the American Public Welfare Association, testified that in 1982 Professor Hill told her in person that Mr. Thomas had been sexually harassing her at work. She said Professor Hill at the time was "deeply troubled and very depressed."

Near tears, Ms. Wells, a black Republican who attended Roman Catholic schools, said she was not part of any conspiracy to derail the Thomas nomination and was testifying "as a matter of conscience."

The testimony of the four appeared to lend weight to the credibility of Professor Hill, whose public allegations of grotesque personal behavior by Judge Thomas have thrown the Senate into an embarrassing quandary over whether or not to confirm him to a lifetime appointment on the nation's highest court. Sexual harassment in the workplace is a violation of federal law.

But it remained unclear whether the testimony Sunday would overcome in the senators' minds the vehement, furious and bitter denials that Judge Thomas presented to the Judiciary Committee during a full day of questioning on Saturday. The atmosphere in Washington remained emotionally explosive and politically vindictive as charges of racism and perjury filled the airwaves.

"Washington is having a nervous breakdown," one columnist wrote over the weekend.

Character witnesses for Judge

See JUDGE, Page 3

The Hearings

From abroad, amusement at a peculiarly American ritual. Page 2.

It is uncertain whether much can be done to prevent a recurrence of Judge Thomas's ordeal. Page 3.

Who is telling the truth? The answer may never be known. Page 3.

Amid the maddening, senators' tempers flare. Page 3.



John Duricka/The Associated Press

Four friends of Anita F. Hill — Susan Hoerchner, Ellen Wells, John Carr and Joel Paul — being sworn in Sunday before the committee.

High Tension at the Sex-Lies Crossroad

By Maureen Dowd
New York Times Service

WASHINGTON — Again the senators seemed stunned at the ferocity of Judge Clarence Thomas's language, and the way his and Anita F. Hill's words drilled painfully into the most sensitive, least explored parts of the national consciousness.

Questioned by Orrin G. Hatch of Utah, a vociferous Republican supporter, Judge Thomas denied that he had ever talked to Professor Hill, who now teaches law at the University of Oklahoma, about pornographic movies involving women and animals and a black actor called Long Dong Silver, or that he had ever bragged about his own sexual prowess.

"In this country, when it comes to sexual conduct, we still have underlying racial attitudes about black men and their views of sex," Judge Thomas said Saturday in the steely tone he has used since the hearings on his Supreme Court candidacy began Thursday. "And once you pin that on me, I can't get it off. That is why I am so adamant in this committee about what has been done to me.

"And these are the kind of stereotypes that I have, in my tenure in government, and conduct of my affairs, attempted to move away from and to convince people. But when you play into a stereotype, it's as though you're skiing downhill. And this plays into the most bigoted, racist stereotypes that any black man will face."

In the conversational flow across the green felt tables in the big room in the Russell Senate Office Building there has been an explosive exposure of taboo images to the glare of a nationally broadcast hearings.

Paradoxes abound.

In this case, a respected black man has accused a respected black woman of trying to destroy him by using stereotypes belittling to black men that have been traditionally employed by white racists.

Judge Thomas has tried to keep the issue of race at bay, not wanting to be seen as a quota candidate for the court. Throughout his career, he has distanced himself from the language and approaches of the civil-rights movement.

But he has brought the issue of race to the center of his case, talking about lynching and black masculinity, unchaining ferocious emotions about a subject that had never been discussed in such a public arena.

Harry Singleton, a lawyer friendly with the nominee and who followed him in his job at the Education Department, said that he and Judge Thomas had often discussed how they had to "conduct ourselves as senior level managers in the

See RACE, Page 3

Group of Seven Calls for a Rise In Yen to Curb Japan's Surplus

Members Also Stress a Need To Combat Recent Scandals In World Financial Markets

Compiled by Our Staff From Dispatches

BANGKOK — Officials of the Group of Seven leading industrial countries said Sunday they would like to see the yen appreciate to help curb Japan's burgeoning trade surplus.

The rich nations also called for measures to preserve the integrity of financial markets, an apparent reference to recent financial scandals in Japan and the United States, and pledged to work for lower interest rates to jump-start the sputtering global economy.

Speculation that the G-7 would strike a deal to strengthen the yen had driven the Japanese currency from just over 133 yen to the dollar early this month to 129.53 at the close in New York on Friday, a rise of more than 2 percent.

After two days of talks here, finance ministers and central bank governors of the G-7 countries issued a communiqué on Saturday saying that "recent exchange market developments were broadly in line with continued adjustment of external imbalances."

Although there was no specific mention of the yen, several European officials moved quickly to talk up the Japanese currency.

Finance Minister Pierre Bérégovoy of France called for a further rise in the yen and said his Japanese counterpart, Ryutaro Hashimoto, had taken the same view at the G-7 meeting.

"As far as France is concerned, I very much hope this trend will continue," Mr. Bérégovoy told reporters on Sunday, referring to the recent rise in the yen. He also said that the dollar is at appropriate levels against European currencies.

"The conviction exists that a strong yen is desirable," said Italy's Treasury minister, Guido Carli.

In addition to Japan, France and Italy, the G-7 includes the United States, Germany, Britain and Canada.

Senior Japanese officials said Sunday that Japan would not be opposed to a further rise of the yen against the dollar and other major currencies.

"We wouldn't mind if the yen goes up further," a senior official said. "Theoretically speaking, a stronger yen would help curb our exports and boost our imports, which is good."

Mr. Bérégovoy noted that the G-7 had long been preoccupied with absorbing the current account surpluses of both Japan and Germany.

Although the German surplus was being absorbed

See YEN, Page 15

Gulf Security Pact Stalled by Dispute Over Saudi Army

By Patrick E. Tyler
New York Times Service

WASHINGTON — Seven months after the end of the war in the Gulf, the United States' negotiations with Saudi Arabia over a new security alliance for the vital oil-producing area are deadlocked by a dispute over the future size and strength of the Saudi armed forces, U.S. and allied officials say.

For the first time, the Saudis want to supplement their sophisticated air defense system with an offensive army capable of large-scale, mobile warfare like that demonstrated by allied forces against Iraq earlier this year, those officials say.

But such a transformation would require a massive infusion of American weaponry and training, a step that would alter the military balance in the Middle East and would lead to a bruising fight with Israel and its supporters in Congress, who already are reeling from a confrontation with the White House over housing for Soviet Jewish immigrants.

The officials say that although the Bush administration is committed to ensuring the Saudis' long-term security, it is not ready to invest the enormous political capital that would be needed to transform the Saudi armed forces.

But the issue is being handled with extreme delicacy because the Bush administration is counting on the Saudis to play a visible role in promoting a Middle East peace conference and in taking part in the multilateral talks with Israel after the opening of the conference.

Since the end of the war, the United States has been trying to increase substantially its military presence in the Gulf.

In April, the Pentagon sought support within the Bush administration for a new security plan that included the positioning, mostly in Saudi Arabia, of a huge stockpile of U.S. armor, enough to equip 150,000 soldiers in a corps-level force of three divisions and a large logistical organization to move them — the same way that North Atlantic Treaty Organization forces are structured in Europe.

But that plan was scaled back dramatically in interagency meetings after the State Department argued that such an ambitious military undertaking would effectively turn Saudi Arabia into an American military base, something that the conservative Muslim monarchy would oppose because it would undermine its own military ambitions and because it would incite a reaction of Arab nationalists and Islamic fundamentalists.

Also, such a major step, other administration officials argued, would draw significant opposition in Congress, where there have been

See SAUDI, Page 5



Ronald Zak/The Associated Press

General Colin L. Powell, chairman of the U.S. Joint Chiefs of Staff, left, meeting Sunday for the first time with his Soviet counterpart, General Vladimir N. Lobov, in Vienna to discuss nuclear arms cuts.

G-7 Hedges on Soviet Debt

Some Promises of Relief, but Nothing in Dollar Terms

By Paul Blustein
Washington Post Service

BANGKOK — After two days of meetings with Soviet officials to assess the Soviet Union's financial plight, finance ministers of the world's seven richest industrial countries issued broad promises of future help Sunday and said they would send their deputies to Moscow soon to work on a plan that may include some form of short-term debt relief for the Soviets.

As was the case when President Mikhail S. Gorbachev went to London in July to meet with his counterparts in the Group of Seven, the Soviet representatives at this meeting, including the radical economist Grigori Yavlinsky, said they had not come begging for aid — and they got nothing specific in dollar terms.

Rejecting U.S. assertions that Moscow appears to be heading for a severe cash crisis, the G-7 turned down a proposal advanced by the U.S. treasury secretary, Nicholas F. Brady, to offer the Soviets an immediate deferral of their debt payments.

Instead, the ministers issued a communiqué stating that, in response to Soviet requests for "a continuing dialogue" on their economic and financial problems, they had agreed "to send the G-7 deputies to Moscow shortly to discuss specific approaches for dealing with these issues."

Despite the lack of concrete measures, G-7 members repeatedly used the word "historic" to describe Sunday's developments. The process of integrating the Soviet Union into the international capitalist system "took a considerable move forward at the London economic summit meeting, and the agreement Sunday marks a further and historic step in carrying forward that dialogue," said Norman Lamont, the British chancellor of the Exchequer.

Mr. Yavlinsky pronounced himself pleased with the G-7's pledges of support, which included a statement by Mr. Brady at a news conference that "it is quite clear that the United States is going to join with other G-7 countries to come up with a program that will be of assistance to the Soviet Union."

Besides Britain and the United States, the G-7 includes Canada, France, Germany, Italy and Japan.

The G-7 program may include some provision affording the Soviets short-term aid in paying their debts, other ministers suggested.

The French finance minister, Pierre Bérégovoy, said that Soviet representatives had assured the meeting that in the next two months there would be no problem making payments. "But there could be problems after that," he said, "and that's why our personal representatives are going to Moscow."

Although short-term debt relief would be only a modest part of a long-range plan to rescue the Soviet economy, finance ministers said that the meeting had produced a conceptual leap in relations that would help in consolidating the power of Soviet progressives following the failed coup in August.

Still, the meeting was marred by the rift over debt relief, which involved a striking role reversal between the United States and the European countries. Whereas in London the Europeans — especially the Germans and French — had sought to prod a reluctant Washington to come to Moscow's rescue, in Bangkok the United States was playing the activist role.

One explanation for this change is the fact that Mr. Brady recently visited Moscow and was reportedly disturbed by the potential for economic chaos leading to new political turmoil. A senior Treasury official

See SOVIETS, Page 2

In 45,000 Pages, How Iraq Fooled World on Nuclear Aims

By R. Jeffrey Smith and Glenn Frankel
Washington Post Service

WASHINGTON — The United Nations inspection team was getting ready to quit after a particularly tense and unproductive interrogation session at a hotel in Baghdad in July, participants recall, when a previously silent, well-dressed Iraqi rose from his seat near the back of the room.

He began speaking candidly, in perfect English, about equipment that was crucial to producing the enriched uranium necessary to make a nuclear bomb.

It was not until the following day that the astonished visitors learned the man's name: Jaffar Dhia Jaffar. And not until two months later did they unearth secret Iraqi documents identifying him as the lead administrator and scientist of Petrochemical Project 3 — the code name for the relentlessly ambitious Iraqi nuclear program that in scope and sophistication resembled the Manhattan Project, the American effort that produced the first atomic bomb.

The episode was a turning point that helped inspectors uncover new details of the Iraqi program and the unique role of Mr. Jaffar and his aides in seeking to place mankind's most destructive weapon in the hands of President Saddam Hussein, one of the world's most ruthless leaders.

Until recently, Iraq was able to conceal from the outside world the origins, dimensions and operation of the bomb program, its extensive connections to foreign suppliers and even the identity of Mr. Jaffar, its native mastermind.

But the secret history of the program is slowly emerging from the 45,000 pages of documents seized two weeks ago by the UN-dispatched inspection team and from evidence supplied by defectors who participated in the project.

While much of the material remains sketchy, interviews with officials and independent experts in Washington, New York, Vienna, London and Jerusalem show that:

• Despite repeated warnings and Mr. Saddam's own public statements, Western experts consistently underestimated Iraq's scientific and technical capabilities. Inspection officials now believe Iraq was only 12 to 18 months from producing its first bomb, not 5 to 10 years as previously thought.

• A major element in this "colossal international intelligence failure," as one Israeli expert described it, was the inability of Western governments to detect the size and scope of the program. "There was suspicion, certainly,"

See IRAQ, Page 5

Kiosk

Greek-Cypriot Refugees Repelled

NICOSIA (Reuters) — Greek-Cypriot refugees from northern Cyprus tried to march on the Turkish-occupied town of Morphou on Sunday but were stopped by Greek-Cypriot police and United Nations peacekeeping forces.

About 200 policemen put up barbed wire to prevent the 1,000 demonstrators from breaking into the buffer zone and advancing toward their former homes north of Turkish lines.

Turkey Leaves NATO Exercises

ANKARA (AFP) — Turkey, miffed that NATO's current round of military exercises does not include the Aegean Sea, site of a dispute with Greece, has withdrawn from the exercise, Anatolia news agency reported Sunday.

General News

Sir Leon Britton defends his veto of the De Havilland takeover. Page 2.

Washington is leaving air-delivered nuclear arms in South Korea. Page 6.

Japan starts a drive to win back its lost Kuril islands. Page 6.

Business/Finance

Carla Hills, the U.S. trade representative, said bilateral deals help America in world trade talks. Page 15.

Weather Page 2.

Classified Page 6.

Crossword Page 3.

Drought Busting: San Francisco Good Life Hasn't Gone Dry

By Katherine Bishop
New York Times Service

SAN FRANCISCO — When guests at a recent dinner party here raised their glasses of Châteauneuf-du-Pape to toast their hosts, it was not for the mesquite-grilled chicken, lentil and goat cheese salad, and almond torte with raspberries.

It was, rather, for having the extraordinary courage to risk exceeding their water ration by having to wash all the extra dishes.

After five years of drought abated only by brief spatterings of rain in March, residents here no longer take such generosity for granted. They have developed all sorts of new social and personal habits designed to stay within the monthly water limit imposed on each household in the city.

Behavior that just a few years ago might have seemed eccentric has become common. Washing the car windshield with the liquid created by melted ice cubes that chilled last night's chardonnay is simply entry-level drought-busting.

A more-advanced skill is found in those who feel they simply must wash the entire car. These people can be found baiting the water from the rinse cycle in the washing machine and hauling it outside in buckets.

And a whole new set of questions has arisen. Is it, for example, socially responsible to use a gallon or two of water to boil up a pot of pasta?

The answer is yes, providing that the water is saved, cooled and poured on a tree. Thus is the city's drought-parched greenery being saved, one pot of water at a time, by the craze for Italian food.

But recent surveys show that people are becoming hostile over the basic inequity built into the rationing system, which mandates that each household consume 25 percent less water than its average monthly use in 1987.

Thus, savers before the drought are penalized while the most profligate users receive the highest allotments.

Exceeding the allotment for more than a month can subject residents to fines up to 10 times their water bill and restrictions in their water flow.

Those who truly conserved in 1987 have been stuck with the minimum ration of 50 gallons (190 liters) per person per day, just about enough for one good shower and a couple of toilet flushes.

Not that anyone can remember the last time they took what the rest of the country would think of as a long, hot shower. The three-minute version practiced here allows enough leftover ration to do

See DROUGHT, Page 6

Brittan Defends Ban on European Takeover of De Havilland

Sir Leon Brittan, the EC Commissioner for competition, is at the center of a controversy over Brussels' rejection of a European takeover of De Havilland, the Canadian manufacturer of commuter aircraft, by a French and Italian concern. Sir Leon spoke with Tom Redburn of the International Herald Tribune.

Q. The Commission's decision to block the De Havilland merger has been bitterly criticized, particularly in France. Former Prime Minister Michel Rocard called it a crime. How do you respond to those who say you are preventing the building of a competitive aircraft industry in Europe?

A. What was at question here was the dominance of a market in which all the principal players were European. There is no probability of a non-European entry in the foreseeable future. So to suggest that in any way this was Europe building itself up for competition with others is nonsense. It just doesn't respond in any way to the facts.

Q. But wouldn't this merger have created a stronger company?

A. I don't believe the European industry will be stronger by being monopolistic or quasi-monopolistic. The whole history of monopolies is that they become fat and exploit their own markets. Why is it that Germany, which has long had some of the strongest industries in Europe, is where they have very powerful antimonopoly legislation? It is not because of a prejudice against becoming big

MONDAY Q&A

nor because they want to do a favor for the outside world, but because they think industry does not become strong through being monopolistic.

Q. Is there a fundamental philosophical difference here between those who believe the best way to become competitive in a world economy is to have big, dominant firms and those, like you, who come out of the Anglo-American tradition?

A. Certainly, there are situations as we build a broader European economy where it is legitimate to have larger companies. That is the answer to worldwide competition, to create a European market where are we are able, more and more, to have large companies that are not monopolistic. But none of that arises in the De Havilland case.

Q. Where would an industrial policy for Europe fit into your scheme? There are people, some of them in exceptionally influential positions in the Commission itself, who argue that it is important to build European champions.

A. I don't like talking in slogans. I don't know what a European champion is. If you mean we should follow policies that enable European industries to be competitive and strong, I'm all for that. But I happen to believe that having an effective competition policy is as important as any other policy one could pursue. Of course, on top of that, there are a whole range of other policies, many of which are not in the hands of the Commission at all. Fiscal policy, training, industrial relations, maintaining low inflation. All of these things affect the health of industry more than anything else.

Q. Do you think, then, that policy in which the state tries to guide industry and, to some extent, provides it with subsidies to accomplish certain goals, is counterproductive?

A. It depends. Under our rules, the state is allowed to give assistance in certain prescribed circumstances, such as for regional development, to assist research and development, to assist small and medium-sized enterprises. But we need to regulate it to make sure the competition is fair. If you mean that the state should pick winners and build companies that we think are somehow more deserving of support, then I am totally opposed to that.

Q. Why do you think this case has become so highly politicized?

A. I think that reflects, to a large extent, the internal situation in France. The French were surprised, so they had not prepared themselves for it. And there is not the tradition of competition policy in France that there is in Germany. All those things came together and led to the reaction which I regard as wholly unjustified. We negotiated the merger regulation, which was essentially done between myself and Madame Cresson, at a time when France was president of the European Council. It was repeatedly hammered home that we were developing a strong competition policy. So there was no mystery about it. It is very interesting that the reaction was not nearly as strong in Italy.

•

Q. What about German reaction? Even though they are not directly affected, don't the Germans favor building powerful industries and relying on a social market that runs counter to your approach?

A. No, no. In Germany, competition policy has been an article of faith for the last 40 years. As far as Germany is concerned, we even put in a special clause insuring the right to maintain a vigorous competition policy on their own. That was protected at their insistence. I only say that by way of illustration that a strong competition policy is at the heart of the German approach.

Q. Does the political reaction suggest there will be a backlash against continuing to enforce the competition rules vigorously?

A. I don't believe the Community can work on a basis of responding only to he who shouts loudest. One of the essences of the European Community is that the smaller countries have the same rights as the larger ones. Once you operate on the basis if you are large enough and complain loudly enough, and then you can get your way, then the interests of smaller countries absolutely go by the board. It is at the very heart of the EC that we not allow that to happen.

Relief Convoy Reaches Vukovar, Besieged Croatian Town

Compiled by Our Staff From Dispatches

VINKOVCI, Yugoslavia — A relief convoy was allowed into the besieged Croatian stronghold of Vukovar on Sunday after the European Community warned the Yugoslav Army to abide by an agreement to pull out of the secessionist republic.

Shelling by artillery delayed the EC-led relief convoy on its trip to Vukovar early in the day. The 50 trucks arrived late in the afternoon with food and medicine for thousands of people stranded for nearly two months by heavy fighting.

The fighting prevented the convoy from getting through on Friday and Saturday.

Vukovar is in an area that is home to many ethnic Serbs who oppose being part of an independent Croatia.

An EC source said the convoy made it to the town after "a terrible odyssey" through a no-man's-land of Yugoslav regular troops, Croatian National Guardsmen and Serbian irregular forces.

In the Netherlands, Foreign Minister Hans van den Broek sent a warning to the Yugoslav Army warning of retribution from the European Community, a spokesman said earlier.

Mr. van den Broek, whose nation currently holds the European Community presidency, presided at peace talks on Thursday at which he announced an agreement committing the army to full withdrawal from Croatia. But both Serbia, Yugoslavia's biggest republic, and the Serb-dominated federal army later rejected the deal.

Ethnic Serbian rebels and army troops have captured more than a third of Croatia's territory in fighting that broke out after the republic declared independence on June 25.

Serbia has said Croatia is free to secede, but only if Serb-populated areas gain the right to self-determination. Croatia refuses any change in its present borders and accuses Serbia of trying to expand at Croatia's expense.

In a letter sent Saturday to Yugoslavia's defense minister, General Veljko Kadijevic, Mr. van den Broek said the EC's 12 members had agreed to impose an earlier threatened trade embargo unless the army complies with the agreement and withdraws, said the spokesman, who spoke on condition of anonymity.

Mr. van den Broek told General Kadijevic to signal his agreement by ordering the army to allow the relief convoy to get to Vukovar, the spokesman said.

General Andrija Raseta, deputy commander of the Yugoslav Army's 5th Military District, said in Zagreb, the Croatian capital, that the convoy had arrived. Croatian officials later confirmed that.

General Raseta made only brief comments before meeting at a Zagreb hotel with the leader of the Croatian National Guard, Colonel Imre Agotic.

The two were expected to discuss the impasse on lifting Croatian blockades of federal military barracks in Croatia, which sparked some of the worst fighting following the republic's independence declaration. More than 1,000 people have died in the fighting.

In Belgrade, the former U.S. secretary of state, Cyrus R. Vance, met with the federal prime minister, Ante Markovic, President Slobodan Milosevic of Serbia and General Kadijevico to discuss the conflict.

"The complexities of the situation were very evident," Mr. Vance said after the meeting, which was part of his fact-finding mission for the UN secretary-general, Javier Pérez de Cuéllar.

Relief workers estimated that at least 5,000 children and old people have been trapped in Vukovar by some of the heaviest fighting in Yugoslavia's civil war.

Mario Quaranta, an Italian observer for the European Community, said the convoy would spend the night at an army barracks on the outskirts of Vukovar. After delivering the food and medicine, the relief group planned to evacuate women, children, wounded and bodies. *(AP, Reuters)*



Ivo Hashimbitov/The Associated Press

President Zhelyu Zhelev of Bulgaria being cheered by supporters at a polling station in Sofia.

Bulgarians Vote for New Parliament

Reuters

SOFIA — Bulgarians went to the polls on Sunday for the country's second multiparty elections since the end of one-party Communist rule nearly two years ago.

Despite expectations of apathy among 6.3 million voters wearied by a year of political bickering and economic hardship, provisional estimates said an average of about 40 percent had voted in major towns outside Sofia in the first eight hours.

The contest for a new 240-seat National Assembly looked set to be a duel between the former Communist Party, which won an absolute majority in last year's polls, and the fragmented opposition Union of Democratic Forces.

The polls, and a parallel vote for local government officials, are the second multiparty elections in Bulgaria since the Communist administration of Todor Zhivkov was dismissed in November 1989.

"I wish for things to improve, for a victory for democracy and for understanding between political forces," said President Zhelyu Zhelev at a Sofia polling station.

Electoral officials across the country said voting was calm but time-consuming, and that it was likely polling would be extended beyond the official 7 P.M. closing time.

Last year's vote chose a 400-member Grand National Assembly, which carried out its task of drafting a new constitution and dissolved itself in September.

Pre-election surveys forecast that the former Communists, now named the Socialist Party, would remain the strongest single force, with around 30 percent of the new assembly's seats to be allocated proportionally. They gave around 55 percent to the Union of Democratic Forces and other opposition groups.

Harassment? World Press Sees A U.S. 'Moral Spasm' Instead

By Alan Riding
New York Times Service

PARIS — Ignoring the broader question of sexual harassment, many foreign commentators are viewing the storm threatening Judge Clarence Thomas's nomination to the Supreme Court as part of a peculiarly American ritual of savaging public figures for their private behavior.

"America has flung itself again into one of those spasms of passionate moral debate that nations more tolerant of human frailty find so hard to understand," The Sunday Times of London said in a report that carried the headline, "Talking Dirty."

Reporting on the Senate hearings, Le Monde's correspondent spoke of a "great American psychodrama," while an Italian daily, Il Giornale, wrote Sunday: "No complaints about the show, which worked better than 'Dallas' and 'Dynasty,' but the incident is humiliating for a great democracy."

The Washington correspondent of The Sunday Times of South Africa went even further, noting that "Washington has sunk to an obscene new low."

The issue, he said, was not the Thomas nomination, but rather "the stagnation of American politics and of the Democratic Party in particular."

Yet, more surprising than the tone of some reactions is the fact that the Thomas case has gained remarkably little attention outside the United States, with newspapers in most capitals giving minimal or no coverage to the drama.

For example, the Saturday editions of Le Figaro, a Paris daily, completely ignored the Senate hearings on Friday, when Anita F. Hill detailed her alleged sexual harassment by Judge Thomas. Newspapers in Japan and other countries buried the story.

Only on Sunday did Britain's quality newspapers give ample space to reports from their Washington correspondents, but its popular dailies, which are traditionally quick to recycle anything suggesting scandal, appear to have found the story too complicated to handle.

In part, the lack of interest may reflect the belief abroad that the case is such an "in house" morality play that, unlike the sexual misconduct charges that forced a former senator, Gary Hart, to abandon his race for the White House in 1988, its outcome will have no international repercussions.

Yet, it also seems to underline the wide cultural gap dividing the United States from many other Western countries where sexual harassment is not yet a punishable offense and where the sexual behavior of politicians and other public figures is considered off-limits to the press.

Rio de Janeiro's Jornal do Brasil was among few newspapers to question this practice. "A public man cannot plead the right of privacy to maintain zones of darkness about his prior life," it said. "Transparency is an obligatory item. The life of a public man is public by definition."

But when one French woman journalist suggested this weekend that her newspaper write an editorial on the implications of the Thomas case for the role of women in society, she said she was looked at with bemusement by male colleagues who dismissed the idea as unworthy of their attention.

A Japanese woman journalist who was asked to explain the minimal coverage in Tokyo newspapers said that, although a common practise, sexual harassment was not treated as a serious problem in Japan and, as a result, local editors had failed to grasp the depth of the reaction of American women.

For Il Giornale, though, politics — and not sex — are behind the charges against Judge Thomas. "The worst of this story is that America relinquishes the rule that the burden of proof lies with the accuser," it said. "America should not be proud of this parody of justice."

Another Italian newspaper, La Repubblica, said "Puritan America watches television as if it were looking into a mirror."

Writing in Le Monde from Washington, Alain Frachon said the Thomas case "mixed exacerbated moralism and inquisitorial passion, prudery and sordid confessions, outdated politics and an anxiety to denounce a practice — sexual harassment — of which millions of women are victims."

British newspapers said the Thomas case had caused such a stir because it touched on many aspects of American society and public life, including, in the words of The Sunday Telegraph, cynicism and hypocrisy in governing circles, politicization of the judiciary, racial bitterness and "the intrusiveness and sanctimoniousness of the media."

Several Hurt in Neo-Nazis' Latest Racist Attacks

Compiled by Our Staff From Dispatches

BONN — Neo-Nazi youths burned down a hostel for asylum-seekers, seriously injuring two people, and several foreigners were hurt in the latest racist attacks across Germany, the police said Sunday.

Skinheads kicked down the door of a first-floor apartment in a hostel in the Bavarian town of Immenstadt overnight and tossed in fireworks that started a blaze.

A hostel resident broke several bones when he jumped from a window to escape the flames, and another was overcome by smoke. The police arrested three skinheads aged 17 to 23.

In several East German states, gangs of masked youths stormed foreigners' hostels, and a Moroccan man was beaten by a group of about 30 skinheads in the town of Greifswald.

Neo-Nazi violence directed at refugees from Eastern Europe and the Third World has spread across Germany in recent weeks.

On Saturday, several thousand Germans staged protests against the violence. In Cologne, Bielefeld, Essen and Düsseldorf, marches and rallies against racism brought more than 6,000 people onto the streets. Demonstrators shouted, "Long live coexistence between Germans and foreigners."

Chancellor Helmut Kohl's government has condemned the attacks, but it also sees them as evidence of public anxiety about a continued inflow of foreigners.

In a speech Saturday, Mr. Kohl denounced those who attacked foreigners as "fools and criminals," but he added: "We must not stand idly by and watch the asylum law being abused. I know many people here are very worried about this."

Germany receives about half of all asylum-seekers arriving in West Europe. It expects a record 200,000 applicants this year.

Government proposals to cut the numbers of foreigners seeking asylum, which were agreed to with the opposition on Thursday, have come under strong criticism.

Regional politicians said that plans to house asylum-seekers in large camps and oblige officials to decide within six weeks whether to deport them were unworkable and unrealistic.

Ministers in both Bavaria and Lower Saxony said they would refuse to set up the camps.

The leader of the main police union, Hermann Lutz, warned against herding asylum-seekers into "ghetto-like" camps while they awaited a decision on their case.

The fragility of the consensus on asylum became clear when Mr. Kohl's interior minister, Wolfgang Schäuble, renewed his call for the constitution to be amended to limit the right of asylum.

"We must reach a position in which people from countries where there is indisputably no political persecution can be turned back at the border," Mr. Schäuble said Saturday.

The Social Democrats oppose tampering with the right to asylum. They have enough seats in parliament to deny the government the two-thirds majority needed to alter the constitution. *(Reuters, AFP)*

How to weather the weather

Don't get under the weather about good health care abroad. One insurance plan protects you and your family anywhere. One plan lets you choose your own doctors, dentists, specialists, and hospitals. Plus an extent of out-patient services and a deductible range of US$ 250-5,000. Two children under 10-years are co-insured without charge.

Tailor your health insurance according to your own distinctive needs. Whatever the weather, wherever you are.

Send for the Premier 1 brochure from International Health Insurance danmark a/s, 8 Palaegade, DK-1261 Copenhagen K, Denmark. Or fax +45 33 32 25 60.

Show me how Premier 1 offers the world's best health coverage.

Name:

Nationality: Age:

Address:

Telephone no.:

International Health Insurance danmark a/s
8, Palaegade, DK-1261 Copenhagen K, Denmark.
Tel.: +45 33 15 30 99. Fax: +45 33 32 25 60

UNIVERSITY DEGREE
BACHELORS • MASTERS • DOCTORATE
For Work, Life and Academic Experience • No Classroom Attendance Required
(213) 471-8306
FAX (213) 471-6456
Call or write for information or send detailed resumé for Free Evaluation
Pacific Western University
600 N. Sepulveda Blvd., Dept. 23
Los Angeles, CA 90049

SOVIETS: G-7 Hesitant on Debt

(Continued from page 1)

alluded obliquely to this concern, telling reporters that "U.S. leadership is required in the current situation."

But the U.S. proposal for an immediate debt-payment deferral galled some of the Europeans, sources said, because the United States has extended very little of the $60 billion to $70 billion that Moscow owes the West, while the German government and German banks are heavily exposed. Germany feels unfairly put upon, officials suggested.

In a briefing for a small group of reporters, the senior U.S. Treasury official played down the debt-relief dispute and said, "This is a much bigger, broader exercise."

What the Soviets are saying, the official said, "is, you're welcome; we want to work with you; you can help us shape what we're trying to do." He added, "That is what I regard as the most significant outcome of the meeting."

The Federal Reserve Board chairman, Alan Greenspan, who along with the G-7 central bank heads also attended the meeting, marveled at the degree to which the Soviet team was willing to share economic information that had previously been closely held in Moscow.

"What we're seeing here for the first time is the Soviet Union engaging the West at a level of detail that is unprecedented," Mr. Greenspan said at a joint press conference with Mr. Brady.

Asked about when the G-7 deputies would go to Moscow, the ministers declined to specify but said that it would be within a matter of weeks.

Mr. Brady vowed that the group's work would be meaningful. "This isn't just a mission to get a few more statistics," he said.

■ Gold Expected to Rise

Gold will shoot higher Monday in the Far East on news that Mr. Yavlinsky has pegged the Soviet Union's gold reserves at a lower-than-expected 240 tons, dealers said Sunday, Reuters reported from Tokyo.

Mr. Yavlinsky, who first mentioned the figure on Soviet television earlier this month, confirmed it in Bangkok. The estimate shocked many Western experts, some of whom continue to believe that actual Soviet gold holdings are much higher.

Tass reported, meanwhile, that representatives from the Soviet Union and some East European countries would seek ways this week to halt a collapse in trade caused by the demise of the former Comecon economic bloc.

It said that the founding conference of a new East European Cooperation and Trade organization would be held Oct. 18 and 19, with Bulgaria, Poland, Czechoslovakia and Yugoslavia expected to participate, but did not say where.

WORLD BRIEFS

No Radioactivity in Chernobyl Fire

MOSCOW — Officials say that no radioactivity escaped during the recent fire that occurred at the Chernobyl nuclear power plant, site of the nuclear eruption five years ago.

Spokesmen for the Soviet Ministry of Nuclear Power Industry and for the Soviet Hydrometeorology Committee, which monitors radiation, said no radioactivity was released during the fire, and radiation levels were unchanged at the plant and in surrounding regions.

About 300 fire fighters and 60 fire trucks were rushed to fight the blaze Friday from as far away as Zhitomir, 160 kilometers (100 miles) away, and Kiev, 100 kilometers away, and brought it under control by 11:30 P.M. after three and a half hours, officials said.

Sonia Gandhi Won't Run in Election

NEW DELHI (NYT) — India's governing Congress (I) Party on Sunday named Satish Sharma, a close friend of Rajiv Gandhi, the assassinated former prime minister, to run for parliament after Mr. Gandhi's widow, Sonia, declined to be a candidate.

Mrs. Gandhi conveyed her decision to Prime Minister P.V. Narasimha Rao on Saturday before a meeting on the coming election in Amethi, where Mr. Gandhi won landslide victories, and other special elections to parliament and several state legislatures that are to be held Nov. 15.

The move ended months of speculation about Mrs. Gandhi's plans. It also meant that for the first time in 44 years of independence, the voice and authority of the Gandhi-Nehru clan that has ruled India for all but six of those years will be missing from the country's tumultuous politics.

Castro Calls West's System 'Garbage'

HAVANA (Reuters) — President Fidel Castro, rejecting Western-style democracy as "complete garbage," has said he is convinced that Cuba's one-party Communist system is the most democratic in the world.

"It's good that we should talk about democracy, once and for all. And let's forget about the world's criteria," Mr. Castro said on the third day of a congress of the ruling Communist Party. His lengthy statement Saturday night was reported in full Sunday by state-run Radio Rebelde.

"I am of the conviction that our system is the most democratic in the world," the Cuban leader said, continuing, "And now we want to make it still more perfect." He added, "So-called Western bourgeois democracy has nothing to do with democracy, it's complete garbage, truly."

21 Killed in South Africa Violence

JOHANNESBURG (AP) — Twenty-one blacks were killed in a series of attacks, including 10 who died when gunmen went on a rampage in Soweto township, outside Johannesburg, police said Sunday.

After a month of only sporadic fighting, black townships around Johannesburg have again erupted in violence, with more than 50 deaths reported in the past week. The renewed clashes have strained relations between the government and the African National Congress, the leading black opposition movement.

Gunmen went on a shooting spree Sunday night in Soweto, leaving eight men and two women dead, police said.

Correction

A photo caption in some weekend editions misidentified Clarence Thomas's wife, Virginia, as the wife of Senator John C. Danforth.

TRAVEL UPDATE

Air Algérie said Sunday that internal flights would be disrupted because of what it called a slowdown by pilots seeking salary increases. The pilots say they will not abide by the crew standby system or make overnight stopovers for which they say they are not paid. *(Reuters)*

The "palace of tears," the large, glass-enclosed space at the Friedrichstrasse rail station where East and West Berliners said good-bye to one other during the 28-year division of the city, is to reopen next month as a cultural center. *(AFP)*

Hovercraft service between France and Britain may end next spring, according to the British Hoverspeed Co., which operates four Hovercrafts across the channel. Rising fuel costs were cited as a reason. *(AFP)*

Sleeping Beauty Castle, the 45-meter-high (150-foot) centerpiece of Euro Disneyland, was unveiled Saturday at the theme park 30 kilometers (20 miles) east of Paris. The park opens to the public on April 12. *(IHT)*

China has relaxed travel in Tibet, allowing tourists to travel alone for the first time since 1989, the China News Agency reported. *(AFP)*

Prime Minister Li Peng of China on Saturday opened a 1 billion yuan ($188 million) airport in China's Shenzhen special economic zone to compete with Hong Kong's airport. The Shenzhen airport, which is connected to Hong Kong by a 90-minute nonstop train ride and a one-hour hydrofoil trip, will offer cheaper flights and visa and customs waivers for tourists traveling to Hong Kong. *(AFP)*

Gulf businessmen, buoyed by hopes of an postwar upswing in the travel and shipping business, have set up a travel services company. The Gulf House of Travel, with headquarters in Kuwait and branches planned throughout the Gulf, will provide services related to travel, tourism, shipping, ticket reservation, mail, and vehicle leasing. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Belize, Canada, Colombia, Guam, United States, Yemen, Zaire.
TUESDAY: Burkina Faso.
WEDNESDAY: Hong Kong, Macao.
THURSDAY: Malawi.

Source: J.P. Morgan, Reuters.

The Weather

Forecast for Tuesday through Thursday



North America
Rain will soak the Atlantic Seaboard at times Tuesday through Thursday as thunderstorms rattle Florida. Chilly, damp weather from Chicago and Detroit Tuesday will give way to clearing. California will still be hot into at least Tuesday.

Europe
It will shower from time to time through Wednesday from London to Paris and Berlin. Thursday may be stormy with strong winds and frequent showers. Downpours will wet Italy Tuesday followed by clearing as dry weather shifts east from Spain.

Asia
Moderate, dry weather will be the rule through Thursday from Beijing to Seoul though it may rain briefly in Tokyo may be rainy as Tuesday, but sunshine likely for Wednesday. Normal heat with spotty thunderstorms will persist in Southeast Asia.

Europe

	Today High C/F	Today Low Wx C/F	Tomorrow High C/F	Tomorrow Low Wx C/F
Algarve	21/70	11/52 sh	23/73	11/52 s
Amsterdam	19/66	10/50 sh	16/61	10/50 r
Athens	29/84	19/66 s	24/75	10/50 s
Athens	29/82	17/62 s	27/80	16/61 pc
Barcelona	18/64	12/53 sh	19/66	11/52 sh
Belgrade	23/73	13/55 pc	24/75	13/55 pc
Berlin	17/62	11/52 sh	17/62	11/52 sh
Brussels	19/66	9/48 sh	17/62	9/48 sh
Budapest	20/68	13/55 pc	21/70	12/53 t
Copenhagen	16/61	8/46 sh	14/57	9/48 r
Costa Del Sol	22/71	13/55 s	23/73	12/53 s
Dublin	17/62	12/53 sh	13/55	11/52 r
Edinburgh	17/62	11/52 sh	14/57	10/50 r
Florence	22/71	12/53 pc	21/70	11/52 t
Frankfurt	18/64	11/52 pc	18/64	11/52 sh
Geneva	19/66	10/50 sh	17/62	9/48 sh
Helsinki	16/61	7/44 sh	15/61	9/48 sh
Istanbul	21/70	13/55 s	22/71	12/53 pc
Las Palmas	28/82	18/64 t	28/82	18/64 s
Lisbon	18/64	13/55 sh	21/70	12/53 s
London	16/61	11/52 c	15/59	9/48 r
Madrid	18/64	9/48 sh	20/68	7/44 s
Milan	20/68	11/52 sh	18/64	9/48 sh
Moscow	18/64	7/44 pc	18/64	10/50 pc
Munich	22/71	13/55 pc	18/64	10/50 r
Nice	20/68	13/55 sh	20/68	12/53 pc
Oslo	17/62	7/44 sh	14/57	9/48 r
Paris	17/62	9/48 sh	16/61	9/48 sh
Prague	18/64	11/52 pc	19/66	11/52 t
Reykjavik	4/39	-1/31 r	3/37	-2/29 sn
Rome	22/72	14/57 pc	22/71	13/55 t
St. Petersburg	17/62	8/46 sh	16/61	9/48 sh
Stockholm	18/64	10/50 sh	15/61	11/52 r
Strasbourg	18/64	9/48 pc	17/62	9/48 c
Tallinn	15/61	7/44 sh	16/61	10/50 sh
Venice	20/68	10/50 pc	19/66	9/48 t
Vienna	19/66	11/52 pc	18/64	11/52 t
Warsaw	18/64	11/52 sh	17/62	11/52 sh
Zurich	20/68	11/52 pc	18/64	11/52 t

Middle East

Beirut	28/82	18/64 s	29/84	20/68 s
Cairo	28/82	16/61 s	29/84	16/61 s
Damascus	29/84	14/57 s	29/84	15/59 s
Jerusalem	25/79	14/57 s	27/80	13/55 s
Riyadh	37/98	22/71 s	34/93	22/71 s

Asia

	Today High C/F	Today Low Wx C/F	Tomorrow High C/F	Tomorrow Low C/F
Bangkok	31/88	24/75 pc	31/88	24/77
Beijing	24/75	11/52 pc	23/73	11/52
Hong Kong	29/84	22/71 pc	29/84	22/71
Manila	31/88	24/75 pc	30/86	24/75
New Delhi	34/93	23/73 pc	34/93	23/73
Seoul	21/70	9/48 sh	20/68	10/50
Shanghai	27/80	11/52 pc	26/79	11/52
Singapore	29/84	24/75 sh	29/84	24/75
Taipei	29/84	22/71 pc	29/84	22/71
Tokyo	21/70	18/64 sh	22/71	13/55

Africa

Algiers	24/75	13/55 pc	23/73	13/55 sh
Cape Town	19/66	8/46 pc	18/64	8/46 pc
Casablanca	24/75	16/64 s	24/75	18/64 s
Harare	30/86	16/61 s	30/86	16/61 s
Lagos	29/84	23/73 pc	29/84	23/73 pc
Nairobi	24/75	12/53 pc	24/75	12/53 pc
Tunis	27/80	13/55 s	27/80	13/55 s

Latin America

Buenos Aires	27/80	13/55 r	23/73	13/55 r
Caracas	31/88	24/75 sh	31/88	24/75 pc
Lima	20/68	6/43 pc	20/68	6/43 pc
Mexico City	21/70	12/53 pc	21/70	12/53 pc
Rio de Janeiro	33/73	17/62 pc	24/75	18/64 pc
Santiago	19/66	6/43 pc	20/68	6/43 pc

North America

Anchorage	3/37	-1/31 sh	6/43	-3/27 pc
Atlanta	25/77	13/55 s	22/71	12/53 pc
Boston	14/57	7/44 s	18/64	11/52 pc
Chicago	14/57	4/39 pc	12/53	4/39 o
Denver	19/66	2/35 pc	19/66	2/35 s
Detroit	17/62	8/46 r	17/62	6/43 pc
Honolulu	29/84	23/73 sh	31/88	23/73 pc
Houston	31/88	16/61 pc	28/82	12/53 pc
Los Angeles	24/93	19/66 s	27/80	16/61 s
Miami	30/86	23/73 pc	30/86	22/71 pc
Minneapolis	8/46	-2/28 sh	8/46	-2/28 pc
Montreal	13/55	5/41 s	14/57	5/41 pc
Nassau	31/88	23/73 sh	31/88	23/73 pc
New York	17/62	10/50 s	19/66	13/55 pc
Phoenix	38/97	22/71 s	35/95	21/70 s
San Fran.	27/80	14/57 s	23/73	12/53 s
Seattle	21/70	8/46 s	22/71	8/46 s
Toronto	15/59	7/44 pc	14/57	3/37 pc
Washington	19/66	10/50 s	21/70	11/52 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice.
All maps, forecasts and data by Accu-Weather, Inc.©1991

THE HARASSMENT HEARINGS: A cascade of failures has led the U.S. to a sordid struggle of unprecedented bitterness

A Debasing Drama: Will the Thomas Hearings Prompt Changes in the Process?

By R. W. Apple Jr.
New York Times Service

WASHINGTON — The language that Anita F. Hill attributed to Judge Clarence Thomas, which he denied using, was "absolutely gross," Senator Orrin G. Hatch said over the weekend. Nobody challenged him.

But the thing that turned people's stomachs, the thing that made them wince and turn away from their television sets, no matter how electric the drama, was the degradation imparted by the whole spectacle, not just a few dirty words. Judge Thomas called it "sick," and nobody challenged him, either.

Violent conflict is not unknown on Capitol Hill. Charles Sumner was nearly caned to death on the Senate floor before the Civil War, and more recently the venerable congressional halls have heard some wild charges from the likes of Joseph R. McCarthy and Theodore R. Bilbo.

But nothing quite like this. Nothing quite so antithetical to the pursuit of high ideals like truth and justice.

In a way, it does not matter whether Judge Thomas is confirmed or not. If he goes to the Supreme Court, as he himself implicitly recognized when he said his reputation had been

NEWS ANALYSIS

stolen, it will be many years before his name is associated with a decision he writes or a view he espouses rather than this sordid struggle. If he is defeated, he will become a martyr to some, a villain to others, but what will be remembered about him by most will be Professor Hill's story.

So whom will the electorate blame? President George Bush? Congress? The press? Pressure groups? Washington in general?

And what can be done to reverse the trend toward ever-more-savage battles over nominees to the Supreme Court and other high office, especially in an era of divided government, when partisan gridlock, with one party controlling the executive branch and another the legislative, is the rule rather than the exception?

The country has been brought to this point by a whole cascade of failures, as one Washington lawyer observed.

Having earlier nominated to the court David H. Souter, a man who had written little about constitutional questions, the Bush administration this time chose a man who had left a substantial and highly controversial paper trail and then encouraged him to tell the Senate Judiciary Committee, in effect, that most of it was irrelevant. Judge Thomas insisted, to general disbelief, that he had never even discussed Roe v. Wade, the abortion decision that has obsessed political and legal circles for 18 years.

Frustrated, some in Washington engaged in an unseemly search for some other sort of evidence to buttress their conviction that Judge Thomas was unfit to serve. Then the committee stumbled over Professor Hill's accusations of sexual harassment, failing either to consider it seriously or to evaluate its credibility until it was leaked and public rage forced a change in course.

The press and the interest groups that sought to defeat Judge Thomas fell into a symbiotic relationship, feeding the partisan furor.

If everyone is blamed, no one is blamed, in the sense that no one gains political advantage. That may be the result of the Thomas affair. If anyone pays an electoral penalty, it is likely to be Mr. Bush.

All the recent evidence suggests that no matter how angry voters get at Congress as a whole or at congressional peccadilloes or at the way Congress operates, they do not take it out on their own representatives. Perhaps the ire is reaching new levels with the furious public reactions against pay raises, bad checks and unpaid restaurant bills, and the mishandling of the Thomas nomination will complete the formation of a critical mass of outrage. Perhaps a lot of incumbents will go.

It is uncertain whether much can be done to prevent a recurrence of last week's debasing drama, so extraordinary in that no one could take any satisfaction from it. It would require no less than the restoration of a sense of comity in American government and politics that has all but vanished.

One obvious remedy would be a conscious attempt by the congressional leadership and the White House to lower their voices, for Mr. Bush to choose future nominees who were less likely to provoke a storm, like Justice Souter or Justice Antonin Scalia, and for the Senate, in evaluating them, to exercise similar restraint in searching for character flaws. In theory, at least, there might even be preliminary discussions between the two ends of Pennsylvania Avenue before some nominees were decided upon.

Few on Capitol Hill or elsewhere will resist some form of change. Few want to confront again the kinds of images the United States watched over the weekend, not the slight wince that creased the otherwise placid face of Professor Hill as she detailed the conversations about sex she said Judge Thomas initiated with her, and not the volcanic outrage that Judge Thomas barely contained, rocking gently in his chair, jaw set, eyes sometimes closed as if to shut out the enormity of what was happening to him.



Greg Gibson/The Associated Press

Senator Joseph R. Biden pointing an angry finger at Judge Thomas as Senator Edward M. Kennedy looks on.

The Whole Truth May Never Be Known

By Barbara Vobejda
Washington Post Service

WASHINGTON — People lie often and in a variety of ways. And experts say that those who lie are often normal, otherwise well-adjusted people, not psychopaths.

But the contradictory accounts that are playing out on national television in the confirmation hearings of the Supreme Court nominee, Judge Clarence Thomas, seem baffling.

How is it possible that two such credible people — Judge Thomas and his accuser, a University of Oklahoma law professor, Anita F. Hill — could have such conflicting versions of the truth?

"There are some people who seem to go through the world lying at every turn," said Daniel Callahan, director of the Hastings Center, a research organization that studies ethics. "But in this case, nobody has come forward to say these are deceitful people."

"There's no way to resolve it," he said.

It seems likely that without the benefit of further investigations, legal proceedings or psychiatric insights, the Senate Judiciary Committee will never learn who is telling the truth.

The senators not only are constrained by time, but they also have a limited ability to call witnesses and conduct thorough investigations. On top of it all, they must consider how they appear to a nation of voters riveted to their televisions.

"Even in a trial, sometimes the credibility seems to be divided on the two sides," said Paul F. Rothstein, a professor at Georgetown University Law School. "The senators are going to feel that yawning chasm that juries hear."

Despite what many view as an excruciatingly intimate examination of the private lives of Judge Thomas and Professor Hill, both figures would be subjected to much more intrusive investigations in a trial. Lawyers would look into "every moment of this woman's life" if the case were being decided in court, Mr. Rothstein said. Judge Thomas's relationships with other women would be scrutinized and the credibility of witnesses would be challenged.

In a courtroom, said Roger Schechter, a George Washington University law professor, Judge Thomas would be asked the obvious question: If you had done what Professor Hill alleges, why would you tell the truth now, when your career, your reputation and your relationships are at stake?

But the senators are not asking the question, Mr. Schechter said, either because they feel they do not need to or because "the all-white Judiciary Committee is very nervous about appearing to be overly aggressive with respect to a black nominee."

Left to puzzle over who is telling the truth, the Senate panel is forced to examine what motives Professor Hill and Judge Thomas might have for lying.

"They may both believe they're telling the truth as they believe it to be," said Park Dietz, a clinical professor of psychiatry at UCLA and a consultant to the FBI. "It would be tragic if that possibility were left unexplored."

Most Senators Stick to Positions

Washington Post Service

WASHINGTON — Judge Clarence Thomas's sexual harassment hearing has shaken many members of the Senate but does not appear to have provoked a stampede to change votes on his confirmation as an associate justice of the Supreme Court.

A week ago, Judge Thomas seemed assured of confirmation, with at least 54 votes, including 13 Democrats. But allegations of sexual harassment brought by Anita F. Hill, a University of Oklahoma law professor, threw the outcome into doubt, forcing Senate leaders to order new hearings to explore the charges.

Over the weekend, however, it appeared that senators were sticking to their previous positions, some with more zeal than others.

Amid the Mudslinging, Senators' Tempers Flare

By John E. Yang and Dan Balz
Washington Post Service

WASHINGTON — Senator Orrin G. Hatch was questioning Judge Clarence Thomas when the Senate Judiciary Committee chairman, Joseph R. Biden Jr., erupted.

"Senator, you're reading from the FBI report?" Mr. Biden asked.

"That's right," Mr. Hatch calmly responded.

Mr. Biden, jaw set and teeth clenched, accused Mr. Hatch of reneging on a committee agreement not to use the report in public. Mr. Hatch said he had been in the men's room when that agreement was reached. "I didn't agree to that," he said.

Senator Strom Thurmond of South Carolina, the ranking Republican on the committee, observed that the same information was available in the newspapers. "Just take the newspapers, Senator Hatch, and go ahead."

"I'll use what I will," Mr. Hatch, a Utah Republican, replied coldly to Mr. Thurmond.

"Could you get them to stop fighting over there?" Senator Edward M. Kennedy, Democrat of Massachusetts, said, to laughter from the Democrats.

That ended perhaps the angriest uproar of an ugly day Saturday in what has been one of the nastiest proceedings ever held on Capitol Hill. After their examination of Judge Thomas's accuser, Anita F. Hill, the day before, Republicans unleashed anger toward Professor Hill and the way her charges became public, setting off a series of testy exchanges with the Democrats.

What started as exasperation with the way Mr. Hatch was questioning Judge Thomas grew increasingly tense as the day wore on.

It ended with Mr. Biden, Democrat of Delaware, delivering an angry lecture "to my pontificating colleagues" and, to a lesser extent to Judge Thomas, to quit berating the hearings, take their medicine and refrain from final judgments until all the evidence was in.

Along the way, Senator Howard M. Metzenbaum, Democrat of Ohio, and Mr. Kennedy, who have been under attack by Republicans as the chief suspects in how Professor Hill's accusations found their way to the news media, declared their innocence, saying that neither they nor any of their aides were responsible for the leak.

That brought a rejoinder from Mr. Hatch. "On behalf of all Republicans," Mr. Hatch said, "none of us did it, I'll guarantee you that."

Asked why the committee seemed at war with itself, Senator Arlen Specter, Republican of Pennsylvania, said: "I don't think the committee is at war. I think we're struggling with some very difficult issues. Tempers are very hot."

JUDGE: *4 Testify Hill Told Them About Harassment*

(Continued from page 1)

Thomas were also scheduled to appear Sunday evening, and a final Senate vote is scheduled for Tuesday. Professor Hill reportedly has asked to deliver further testimony.

Late in the day, journalists were handed results of a polygraph examination by Professor Hill conducted by a private security firm. Paul K. Minor, president of the company, American International Security Corp., said he had concluded that she was telling the truth in her testimony on Friday.

At one point Saturday, Judge Thomas declared that he would have preferred "an assassin's bullet" to the "living hell" that he and his family had been put through. But he said he would "rather die" than withdraw his name from nomination.

Judge Thomas, a black conservative, went on the attack Saturday, asserting that his character was under a racially and politically motivated assault, that Professor Hill may be a dupe of his ideological enemies and that her testimony represented the worst form of racial stereotyping in alleging that he had crudely referred to his own sexual endowment.

Professor Hill, 35, who is black, worked for Mr. Thomas at two federal agencies in the early 1980s when she was in her early 20s. She now contends that Mr. Thomas sought dates with her and repeatedly directed graphically obscene comments toward her concerning rape, bestiality and sex acts in pornographic movies. None of the four attorneys testifying in her behalf said that Professor Hill had mentioned the details of the language allegedly used by Mr. Thomas.

President Bush on Sunday called the process of the internationally televised hearings "ridiculous," "unfair" and "outrageous." He repeated his prediction that the Senate would confirm his nominee.

On Sunday, Joel Paul, a law professor at American University, testified that in trying to hire Professor Hill in 1987, she told him she had left the Equal Employment Opportunity Commission because she was sexually harassed by her supervisor. Mr. Thomas directed the Equal Employment Opportunity Commission for much of the 1980s.

"I knew that Professor Hill's allegations were not an 11th-hour fabrication," Mr. Paul said. And he added that he doubted that Professor Hill could have been ideologically motivated because she had told him of her support for a conservative Republican judge, Robert Bork, whose nomination to the Supreme Court was rejected by the Senate during the administration of President Ronald Reagan.

John Carr, a black Wall Street lawyer, said he had had a close social relationship with Professor Hill in the early 1980s and that she had told him tearfully on the phone that her supervisor at the Equal Employment Opportunity Commission was sexually harassing her.

Mr. Paul said he believed that Professor Hill, by testifying, had ruined her chances of ever being named to a federal judgeship.

RACE: *High Tension at Hearings*

(Continued from page 1)

Reagan administration," in light of "the incredible stereotypes all black men deal with."

"It troubles me to see that these two people are both victimized by a system out of control," he said. "Black America has a long way to go. Black people are being used as pawns."

The hearings into the allegations by Professor Hill that Judge Thomas sexually harassed her when he was her superior have as become as much about symbols as truth, as much about exposed nerves on the treatment of women and blacks as about Anita Hill and Clarence Thomas.

While the nominee did not speculate on his accuser's motives, he suggested that her testimony was "concocted," and his supporters charged that Professor Hill was the pawn of advocacy groups who wanted the judge defeated because of his conservative views on abortion and civil rights.

Several Republican senators seemingly have given up any pretense of digging out the truth in the two starkly opposite stories, and have begun aggressively attacking Professor Hill.

Arlen Specter of Pennsylvania, who earlier had questioned Professor Hill gently, said that she was guilty of "flat-out perjury."

He said outside the hearing room that he had "demolished her credibility."

In his sympathetic questioning of the nominee, Mr. Hatch suggested that someone had fed Professor Hill raunchy lines to destroy Judge Thomas based on passages in "The Exorcist" and a law case that mentioned Long Dong Silver.

Mr. Hatch said that anyone who would do what Professor Hill charged was "a psychopathic sex fiend or a pervert."

Judge Thomas agreed that he would never "approach anyone I was attempting to date as a person with this kind of grotesque language."

The attempt to discern which one of the witnesses was lying was wearing down the senators and making everyone tense.

As each side contradicted the other, the senators looked apprehensive, frightened about possible political damage at home in hearings that might further repel a public already disgusted by the personal nastiness of political discourse.

"They are both credible, intelligent, well educated, both lawyers, both testifying under oath, and one is lying," Senator Patrick Leahy, Democrat of Vermont, said during a break. "There's no other conclusion I could reach. Which one it is, I don't know."

U.S. TV Viewers Pick Hearings Over Baseball

Reuters

NEW YORK — Americans stayed close to their television sets over the weekend as sexually graphic testimony from the Senate hearings on Clarence Thomas preempted other programming.

Almost 40 million U.S. households watched Anita F. Hill and Judge Thomas, choosing to view the Senate hearings late into the night instead of championship baseball by an almost three-to-one margin.



Zürich, Paradeplatz
Zürich, Türler Boutique Storchengasse
Zürich, Hotel Neue Park Badenerstrasse 420
Zürich-Airport Terminal A, B und Satellite
Bern, Marktgasse 3
New York
Tokyo
Service-Organisationen in fünf Kontinenten

TÜRLER SCHMUCK & UHREN

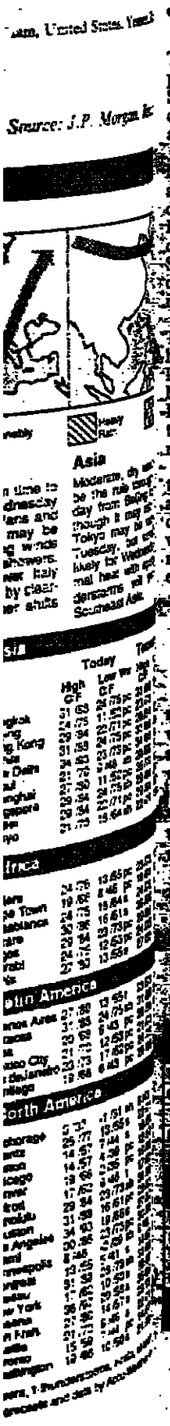
3299

SEARCHING FOR AN INTERNATIONAL MANAGER? TAP YOUR BEST RESOURCE:

THE IHT.

One single recruitment ad in the IHT is seen by nearly half a million people in 164 countries and on board 73 airlines. Since our readership is worldwide, you'll find that it cannot be duplicated in your local or national media.
So for recruiting managers, technicians, engineers, and specialists with extensive European and international experience, the International Herald Tribune is a unique and indispensable resource.
To place your recruitment ad in the IHT, contact Max Ferrero, Didier Brun in Paris today at: (33-1) 46.37.93.82/81, or Sandy O'Hara in New York: (1-212) 752-3890.

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post



Source: J.P. Morgan Ic

ACROSS

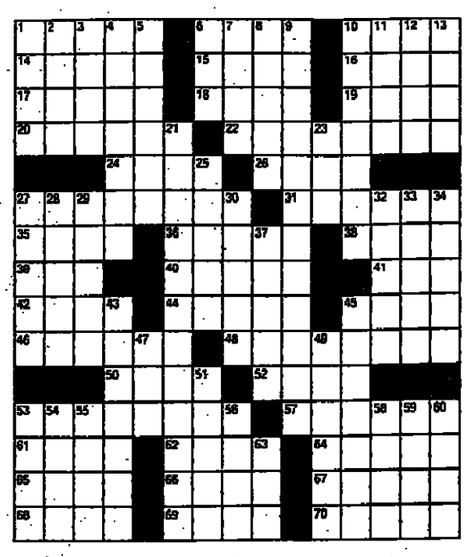
1 Mendacious
6 Formal party
10 Be a tattler
14 Bay window
15 Potpourri
16 City NNE of Lake Tahoe
17 Freighten
19 Dying birds
19 Something to feel
20 Name for a snarl or a cat
22 Precise
24 Basra native
26 Caviar source
27 Musical compositions
31 Puts into office
35 Sheltered, at sea
36 Prefix with pose or view
38 Actress ... Perlman
39 Rumpus
40 Captures
41 Wayside retreat
42 Draft status
44 Islamic deity
45 "—— Three Lives"
48 Alf's homeland
49 Immortality
50 Hand-lotion additive
52 Dickens heavy
53 Grasping ones
57 This can be hard or soft
61 Others, to Ovid
62 French city
64 Relish
65 Privy to
66 Verve
67 The bounding main
68 Sharp flavor
69 Tear
70 Modern-day drips

DOWN

1 Lather
2 Woody's boy
3 Prevaricator
4 Notched
5 Where Twain is buried
6 Anaconda
7 Grad
8 Takes a shine to
9 What Little Bo-peep did
10 Incubator
11 Conduct
12 Con
13 Type of pear
21 What Little Jack Horner did
23 Actor Holbrook
25 Insipid: twice-told
27 Rebound
28 Like an eremite
29 Stairway post
30 Steps over a fence
32 Cook-off concoction
33 Dogma
34 Annie's canine friend
37 Israeli port
43 One kind of grace
45 Properly situated
47 The Heart of Dixie: Abbr.
49 Think logically
51 Roman magistrate
53 Decoy
54 Radius's neighbor
55 Celebrated hill in Jerusalem
58 CAT, for one
58 State with assurance
59 Contemptible one
60 Sea birds
63 Finish

Solution to Friday's Puzzle

			L	O	S	T			S	L	E	D				
		C	O	O	T	E	E		A	C	I	D	I	C		
	B	U	Z	Z	A	R	D		V	U	L	T	U	R	E	
	O	S	A	E	R		I	C	H	L	Y		R	E	L	
	T	I	N	E	S	E		F	O	A	L		K	N	E	E
	H	E	I	S	T		L	I	O	N		S	H	A	P	E
		R	A	C	E		A	C	T		M	E	A	L	Y	
			D	O	V	E		H	A	W	K					
	C	H	O	R	E		G	E	L			I	S	L	S	
	E	M	I	R	S		M	U	N	J			A	L	A	
	R	E	E		P	U	L	P		J	A	M	A	L		
	C	O	R		T	O	O	L	E		A	N	E	N	T	
	C	H	I	C	K	E	N		C	U	C	K	O	O	S	
	E	T	O	T	S		K	N	O	L	L	S				
		L	A	S	S				A	B	E	D				



© New York Times, edited by Eugene Maleska.

Herald Tribune INTERNATIONAL
Published With The New York Times and The Washington Post

The Case for Soviet Aid

Help for the Soviet Union is the inevitable focus of the largest of the world's financial conferences, which has begun in Bangkok. These annual meetings of the World Bank, the International Monetary Fund and their various related organizations are generally an occasion for consultation and stock-taking rather than decisive action. The world's money men are not ready to move quickly, but at Bangkok they need to agree to move. Because of the failed Soviet coup in August, donors no longer need to fear that aid would only prop up the old order. But for the same reason it is increasingly hard for them to tell where authority lies. The Soviets at Bangkok are pressing their request for debt relief. Creditors want to know who is going to be responsible for those debts. Will it be some future confederation, or will it be the separate republics?

There is a danger that aid will be held up by the donors until the basic political decisions are made and, at the same time, the political decisions will be held up by the growing economic crisis. The Bangkok meetings need to find a way around that deadlock. The finance ministers and central bankers at Bangkok represent not only the two dozen rich countries that provide foreign aid, but the roughly 80 countries — the bottom half of the world's income distribution — that in varying degrees of desperation need it. The meetings there will require the donors to talk about help for the Soviets in the presence of other countries, some much poorer, that are their competitors for help.

The compelling case for substantial aid to the Soviets is the world's interest in stability. Meager though it may be, the material standard of living in the Soviet Union has been, until now, better than in almost any of those 80 countries. The Soviets' claim for assistance is to prevent a collapse that would threaten more than their own new democratic movements. It would also drag down the fragile East European economies still linked to them, and that would in turn endanger Western Europe.

So far the donors have been pledging aid to the Soviets in addition to their traditional aid to other and poorer people. It is important to maintain that policy. But it is equally important for the Bangkok meetings to let the Soviets know that serious efforts on their part will be met with a serious response. After World War II it took Western Europe less than a generation to transform itself from a recipient of aid to a donor. It is not unrealistic to hope that, over the next generation, with their high level of education and their enormous natural resources, the people of the former Soviet Union can accomplish the same feat.

— THE WASHINGTON POST.

A Nuclear-Free Korea

South and North Korea joined the United Nations together last month. But they failed to use the occasion to defuse the armed truce that keeps them apart. That will require building mutual confidence. President George Bush has provided a way to do that — using, of all things, nuclear arms. Pyongyang and Seoul would do well to exploit the opening he has given them.

As part of his sweeping arms initiative, Mr. Bush announced that he would eliminate America's worldwide inventory of ground-launched short-range nuclear arms, including the artillery shells now in South Korea. He made no mention of bombs on U.S. aircraft in Korea, but left open the possibility of their eventual withdrawal.

The appropriate response from Pyongyang is to sign a safeguards agreement with the International Atomic Energy Agency now, and begin opening all its nuclear facilities to inspectors. That would demonstrate that it has no ambition to build nuclear arms. Once Pyongyang accepts full nuclear safeguards, which it is obliged to do as a signatory of the Nonproliferation Treaty, and allows some inspections, the United States could withdraw the rest of its nuclear arms from the South. And Washington could make clear that it would use nuclear arms only in retaliation for a nuclear attack.

Instead of encouraging this step-by-step process, North Korea has said it would not allow any inspections of its two reactors and a fuel reprocessing plant at Yongbyon until all U.S. nuclear arms are withdrawn. And it wants to inspect U.S. nuclear sites in the South. But that obstinate stance only slows the withdrawal of all U.S. nuclear arms from Korea. And by insisting on inspections in South Korea now, Pyongyang raises suspicions that it prefers to prolong the issue to buy time for its own nuclear program.

South Korea has been just as obstinate. It has resisted any nuclear withdrawal by the United States. And just hours before Mr. Bush's announcement, South Korea's defense minister threatened military action against the North if it did not accept international inspections. His blustering does little to ease hostility.

Isolation and threats will not benefit either North or South Korea. They would both do better to begin easing tensions on the peninsula by making it nuclear-free.

— THE NEW YORK TIMES.

One of Them Is Lying

Something has been lost in the testimony this weekend in the Clarence Thomas-Anita Hill dispute. It is the Rashomon possibility — the possibility, to which many people have been clinging, that the terrible conflict can be explained as a difference of interpretation of the same set of events. Such an outcome would have allowed people on both sides of the issue of Judge Thomas's confirmation to hold on to their prior view of this particular dispute on the theory that it was all a matter of conflicting perceptions. But that easy out is now gone. Given Anita Hill's detailed, expanded charges under oath and Clarence Thomas's unequivocal, categorical denial of all of them under oath, the issue now has become the simple one of perjury. One of the two of them is lying under oath. It is thus all the more important that the senators on the committee and the people watching them stay clear and sharp as to what is now at issue.

The prevalence of sexual harassment in the American workplace is not at issue: There has been widespread agreement that it is far more prevalent than many had supposed. Nor is the seriousness of sexual harassment at issue: Virtually everyone agrees that it is a serious and a loathsome offense. Nor is it at issue whether the conduct Professor Hill now alleges Judge Thomas indulged in would, if it occurred, constitute sexual harassment: It would, and everyone, notably including Judge Thomas and his most ardent supporters on the committee, agrees to this. What is at issue, in other words, is not whether these alleged terrible acts are acceptable, but whether they were committed.

One of the two principal characters in this drama stands to pay an enormous price. A crime has been committed. If it turns out not to be Judge Thomas, if he is not the one lying, then his fury over the degradation he has incurred in this confirmation process will have new and heightened meaning. If it should be Judge Thomas who is lying, that fury will go down in the annals of political drama as one of the most cynical and shameful performances ever.

The same would be true of Professor Hill's cool performance: If it should turn out that it is she who is lying, her actions will be seen to have constituted a truly despicable deception.

There is no "truth probably lies in between" solution, of the kind so beloved of a generally compromising Congress, available here. It is one or the other, and the answer must now be pursued.

It is not plain to us that the procedures created by the committee can finally get the truth. We share the view, so widely expressed, that this accidental open forum, half-court and half-hearing, is a truly unfortunate one for dealing with such volatile and damaging charges. But it is a fact of life now.

This puts a special obligation on the members (many of whom do look appropriately shaken by the dimensions of the drama that has been unleashed) to act soberly and responsibly. Until the procedure is completed, we will not have enough answers to judge which of the two is telling the truth and which is lying. And liar — perjurer — is a grave enough designation to warrant the un-Washingtonlike practice of waiting until all the testimony is in to reach a conclusion. Confirmation of an associate justice of the Supreme Court is no longer the issue. The immediate issue is: Who is lying?

— THE WASHINGTON POST.

Other Comment

The Rush to Disarm

Pledges of drastic arms reduction by the U.S. and Soviet presidents reflect their hard-won belief that the superpowers now face less of a threat from each other than from renegades with nuclear weapons. The third- and fourth-tier nuclear states and nuclear powers-in-the-making should take note of the global trend in nuclear arms. The easing of nuclear tension in the Western Pacific should send an unambiguous signal to Pyongyang, for example.

Britain has already announced its intention to scrap key elements of its nuclear defense unilaterally. President François Mitterrand of France, citing the continuing concentration of Soviet forces in Eastern Germany, has sounded a more cautionary note. Even in the United States, some anxiety is being voiced.

Certainly, such hesitancy and anxiety are not without validity of their own in view of the long way we have to go before being assured of a nuclear-free world.

Yet arms cuts, as initiated by George Bush and responded to by Mikhail Gorbachev, merit a bold and speedy implementation in the interest of humanity. Let this new "rush to disarmament" proceed, therefore, toward deepening good faith on both sides, on which peaceful prosperity can be forged.

— The Korea Herald (Seoul).

INTERNATIONAL HERALD TRIBUNE
KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen

LEE W. HUEBNER, *Publisher*

JOHN VINOCUR, *Executive Editor* • WALTER WELLS, *News Editor* • SAMUEL ABT, KATHERINE KNORR and CHARLES MITCHELMORE, *Deputy Editors* • CARL GEWIRTZ, *Associate Editor*
ROBERT J. DONAHUE, *Editor of the Editorial Pages* • REGINALD DALE, *Economic and Financial Editor*

RENÉ BONDY, *Deputy Publisher* • RICHARD H. MORGAN, *Associate Publisher*
JUANITA I. CASPARI, *Advertising Sales Director* • ROBERT FARRÉ, *Circulation Director, Europe*

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

Directeur de la Publication : Richard D. Simmons
Chairman from 1958 to 1982: John Hay Whitney

Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel 472-7768. Tlx RS56928
Mng. Dir. Asia, Rolf D. Kranepuhl, 50 Gloucester Rd., Hong Kong. Tel. 8610616. Telex: 61170
Mng. Dir. U.K., Garry Thorne, 63 Long Acre, London WC2. Tel. 836-4802. Telex: 262009
Gen. Mgr. Germany: W. Lauterbach, Friedrichstr. 15, 6000 Frankfurt/M. Tel. (069) 72e755. Tlx 416721
Pres. U.S.: Michael Conroy, 850 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890. Telex: 427175
S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337

© 1991, International Herald Tribune. All rights reserved. ISSN: 0294-8052.

OPINION

For Israel's Sake, Time for Economic Independence

By Stanley Fischer and Herbert Stein

CAMBRIDGE, Massachusetts — The controversy over Israel's request for loan guarantees should drive home to the Israeli government its need to work toward real economic independence.

In our personal opinion friends of Israel should press it to develop and promptly carry out a program of economic reform designed to phase out its dependence on U.S. financial assistance once the Soviet immigrants, possibly a million, are absorbed.

References to $10 billion exaggerate the potential cost of the guarantees to America. Israel is not asking for a grant or a loan but for a guarantee of loans it would take in private capital markets. The cost of guarantees depends on the probability of default, but Israel has never defaulted on a loan and it is not likely to do so now.

Common estimates of the budgetary cost to the United States of the loan guarantees are around $400 million — a far cry from $10 billion.

Israel's economy is not a basket case, as critics charge, and financial assistance is not wasted on it.

The failures of Israel's economic policy are not due to socialist ideology but to political pressures and bureaucratic inertia.

Still, it has taken successful steps in economic reform, notably in the fight against runaway inflation.

Although the urgent need for reform is intensified by the task of absorbing immigrants, Israel's economic achievement is impressive.

For 40 years economic growth has averaged more than 6 percent.

Growth has slowed since 1973, as it has everywhere, but even in the 1980s Israel's economy grew a little faster than America's, by 3 percent a year, compared to 2.7 percent.

Israel's exports have grown exceptionally fast as its companies compete successfully in world markets. It now sells 35 percent of its production abroad despite the Arab boycott. Israel has achieved all this while spending substantially more on defense than the significant amounts it has received in foreign aid.

Its temporary need to finance investment in the huge wave of Soviet immigrants, if successful, will yield revenues that will amply justify the borrowing. And if accompanied by meaningful reform, this period can help Israel achieve full economic independence and relieve it of burdens on the United States that bring political problems.

The greatest threat to the economy is that the extraordinary costs of the immigration will revive rapid inflation, which would jeopardize all reform efforts. The government should commit itself now to reduce inflation from the present rate of about 20 percent a year to 15 percent in the next few years and thereafter to international levels of 5 percent or less.

Stern fiscal and monetary policies will be required.

Budget deficits, now running at about 5 percent of the gross national product but threatening to rise, bring the main risk of inflation.

Balancing the budget in the period of large outlays for immigrant absorption is not necessary and probably not possible.

But what is essential and possible is a realistic three-year budget in which the deficit declines to zero.

Much of Israel's industry operates behind a protective wall of restraints on foreign competition. A rapid timetable for reducing this protection and exposing industry to the discipline of foreign competition should be announced promptly and carried out.

Israel has eliminated almost all controls on foreign-exchange transactions. The few that remain should be abolished, giving the world an unmistakable signal that Israel intends to be a free economy.

After years of talk and many studies by U.S. investment bankers to identify good targets, Israel is beginning to act to privatize some government enterprises. But it needs to move far more rapidly, selling firms not only to raise money but also to get these enterprises into private ownership and control, where they will be subject to market pressures for efficiency.

A mass of economic regulations burdens the economy. Each has its defenders in the government.

An independent commission, with its own staff, should be set up to review the regulations and recommend the elimination of those that impede the operation of markets.

Reform of labor-market restrictions is urgent when so many immigrants need to be employed. For example, high premiums required for workers on second and third shifts impede employment in existing plants.

Downsizing and streamlining the regulatory structure will permit drastic shrinkage of the government bureaucracy, the main source of complaint of foreign investors.

Prime Minister Yitzhak Shamir should create and serve as chairman of a special committee to develop an economic reconstruction program.

A main goal should be phasing out U.S. economic aid after the emergency of the immigration has passed.

We hope Israel's government will present its own program along these lines. We would not like to see the United States prescribe a program for Israel. The Israelis are more capable of designing the needed program than Americans are.

The United States and Israel share an interest in the absorption of the Soviet and Ethiopian immigrants and, beyond that, in the further development of Israel as a modern, market-oriented state.

These interests provide the basis for continued cooperation on improving Israel's economic policies.

Mr. Fischer is professor of economics at MIT; Mr. Stein was chairman of the Council of Economic Advisers under Presidents Nixon and Ford. Both are consultants to the State Department on Israel's economy. They contributed this view to The New York Times.

Recovery or a Second Dip? Bush Takes a Closer Look

By Hobart Rowen

WASHINGTON — Denial of reality is a self-inflicted danger — whether it relates to one's health, or to weakness in the economy.

For the past year, the Bush administration has looked the other way as clear-cut signals have pointed to an economy struggling to keep its head above water. So the "recovery" officials have been touting cannot be distinguished from recession.

The economist Lawrence Chimerine, a consultant to major corporations, said he is stunned by the pessimism among most of his clients, based on bad results for August and September. More layoffs, rather than rehires, are in the offing.

"There's no strength anywhere in the economy, not even in manufacturing and housing that had seemed to pick up in the spring," he said.

Most analysts, he said, "mistook this as an oil-shock recession." But he added: "It goes beyond that. The economy has been weak for three years, reflecting structural problems of the '80s, and we're paying for it now. You can't keep the economy going forever by building empty office buildings and Patriot missiles."

On a television talk show, the consumer advocate Ralph Nader warned: "We've got hunger, homelessness, poor housing — a lot of the basic needs of an economy are not being met." Millions of middle-class Americans, he added, "are now paying more for health insurance than food."

Until recently, President George Bush scrambled to identify every scrap of "good news" as proof that the United States is on track toward a new boom. But now he has been forced to acknowledge that — gosh — "all is not well."

For the first time, Mr. Bush is said to be asking his economic aides some pointed questions, having finally made the connection between an economy likely to be stagnant in mid-1992 and the impact that this could have on his re-election chances.

In emergency meetings with his Economic Policy Council, Mr. Bush has become more attentive to what he hears from Commerce Secretary Robert Mosbacher, Labor Secretary Lynn Martin, and the Housing and Urban Development secretary, Jack Kemp. Before, during the "denial" period, sources report, Treasury Secretary Nicholas Brady, Budget Director Richard Darman and the chairman of the Economic Council, Michael Boskin, assured the president that the recession would end by the middle of this year.

But a new forecast by the United States Chamber of Commerce, hardly a radical institution, puts a grim face on prospects. It predicts scanty real growth in the third quarter followed by a return to recession — a "double dip" — in the final quarter of this year and the first quarter of 1992. For all of 1992, the growth rate would be less than 2 percent, deepening the budget deficit and resulting in a rising, rather than falling, unemployment rate, which would hit 7.6 percent in mid-1992.

But what if the Chamber is being overly pessimistic, and economic growth rates are marginally positive instead of marginally negative?

It does not make any difference. Economic activity a hair this way or that way around zero amounts to further economic stagnation. A Chamber economist, Larry Hunter, said that even if the unemployment rate next year is a full percentage point below the organization's current estimate, "it will be too high for the administration to defend." The need, he said, is for a steady decline in the jobless rate over the next nine months (from the current 6.7 percent), but he sees no trend in that direction.

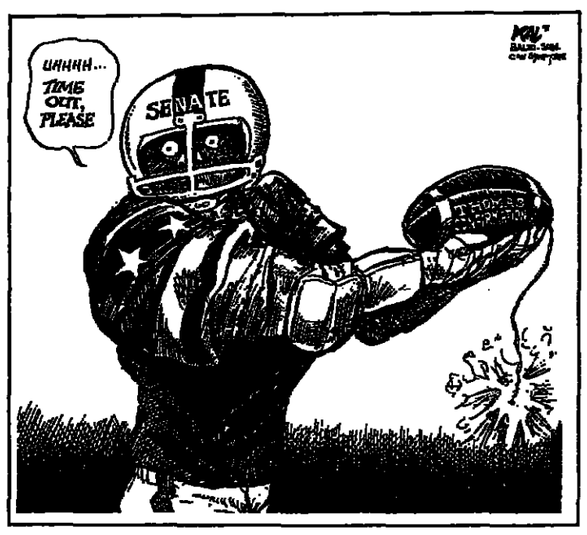
Mr. Hunter thinks that President Bush had an opportunity early this year to seize the high ground, economically and politically. He could have initiated a reasonable program for extended unemployment benefits, coupled with the demand that the Democrats support him with a pro-growth program, including tax cuts for middle income groups. He could have used the "emergency" safety-valve that was allowed by last year's budget deficit agreement.

Failure to act was a blunder, and some in the administration say they warned the president.

Secretary Kemp said that both private economists and White House economists had been overly optimistic about the recovery.

"They have not seen how the collapse of real estate values and [dangers to] financial institutions have prevented a more positive recovery," he said. "What recovery we have is anemic at best."

The Washington Post.



Thomas: The Wages of Court-Packing

By Leslie H. Gelb

NEW YORK — The Senate Judiciary Committee has stripped away the dignity of two apparently good people and lost its own dignity in the process.

Having botched its first round of hearings on Judge Clarence Thomas's nomination to the Supreme Court, the committee started a second on Friday based on Professor Anita Hill's charges of sexual harassment and turned it into a freak show.

Senators bear their own guilt. But they, like the judge and the professor, are also victims — caught in the vortex of President George Bush's decision to elevate an underqualified judge to the high court, and thereby forge a decisive conservative majority.

No president has the right to transform the court into an ideological hit squad. Democrats and Republicans alike stopped Franklin Roosevelt from packing the court with New Dealers after his 1936 landslide victory. FDR's successors until Ronald Reagan knew better than to try.

Democrats and Republican moderates today have every right and reason to fight hard for liberal-moderate representation on the court to reflect liberal-moderate majorities in Congress and the country.

But they did not serve their cause or themselves well by their last-minute, panicky public handling of the Thomas-Hill drama.

The spectacle, however, really began with Mr. Bush's choice of Judge Thomas who, for all his virtues, was no more qualified for the court than Dan Quayle was to be vice president.

The naming of Judge Thomas had little to do with his qualifications and everything to do with his being conservative and black. The White House calculated that at least some Democrats would not dare oppose a black, regardless of his conservative views, thus ensuring Senate approval.

That game plan worked until the Anita Hill story was leaked to the press. Judiciary Committee members knew of her sexual harassment charges long ago, but did not see the power of the issue and let it drop.

If they had any sense of decency or respect for women's rights, they would have pursued the matter privately and vigorously at that time. Democrats at least would not miss a second chance.

Few committee members even listened to the witnesses' answers or to each other. Their questioning was largely theatrical, desultory and silly. (For example, to Ms. Hill: Was Mr. Thomas's office large or small?) Both sides endlessly and disgustingly asked about the lurid sex tales Judge Thomas allegedly told to Ms. Hill.

Democrats went all out to make Judge Thomas a monster. They showed little interest in exploring the possibility that Ms. Hill's riveting and compelling testimony might be false.

Republicans, interested only in discrediting her, acted as if they would lay down their lives for Bush appointees even if they were ax murderers.

After failing to pack the court, President Roosevelt learned his lesson about qualifications and political balance. He even chose a Republican, Harlan Fiske Stone, as chief justice. Harry Truman named Harold Burton, a Republican senator. Dwight Eisenhower honored himself and the country by selecting William Brennan, a liberal Democrat. Lyndon Johnson and Richard Nixon (after some mistakes) made careful appointments.

Mr. Reagan's big election victories gave him the right to name conservatives, and Congress went along until Robert Bork. His qualifications were impeccable, but his conservative bite was too frightening.

Mr. Reagan and then Mr. Bush should have seen the writing on the wall and accommodated liberal-moderate sentiment and strength. Instead they sought court domination, far beyond political consensus.

Democrats missed the opportunity to press these legitimate points in round one of the Thomas hearings. It would have been politically unrealistic to expect them to stay their hand when Ms. Hill appeared, however tragic the consequences. The Supreme Court, because of its power, cannot be completely outside politics.

But it was Mr. Bush who carried politics too far. By trying to pack the court with conservatives and by seeking to predetermine rulings on the most important issues before the nation, he robbed would-be justices of their protective dignity and the court of its judicial impartiality and majesty. He took the court into the political pit and, predictably, ignited an ugly political brawl. For justice now, he must be made to choose another justice.

The New York Times.

A Dual Tragedy in a Year of Bitterness

By Stephen L. Carter

NEW HAVEN, Connecticut — As a longtime student of the confirmation process, I usually reserve my comments until after the battle ends. In this bitter year, however, sitting on the sidelines has not been so easy.

I spent much of the summer watching in horror as many opponents of Clarence Thomas's nomination to the Supreme Court raised nasty and offensive charges, the worst of which rested on the ridiculous proposition that as a black person, he has an obligation to hold a particular set of political views. I at once leaped to his defense, for I could not allow such calumnies to go unanswered.

I have never met Clarence Thomas, but I admire him for what he has overcome. I admire much of what he stands for, and even where we disagree — and we do, on many issues — I believe that his is an important voice in the black community and in national affairs. His ostracism as a traitor, an enemy, an Uncle Tom, reflects no credit on those who have sought to cast him out.

And yet when Anita Hill's allegations of sexual harassment became public, accusations that now threaten Judge Thomas's confirmation, I at once defended her against attacks on her character and subsequently supplied the Judiciary Committee with a written character reference.

Nevertheless, when the controversy erupted, I found the situation awkward and not a little painful because I so admired both Judge Thomas and Ms. Hill. But I could make no other choice. I have been a friend of Anita Hill's for 14 years, and I find what some of Judge Thomas's supporters are saying about her simply incredible.

I understand the anger and bewilderment of Judge Thomas's allies. I can scarcely imagine the pain that his family and closest friends — and Judge Thomas himself — must now be enduring. The situation must seem impossible and deeply unfair.

I empathize with the desire on the part of his supporters to lash out. The Clarence Thomas described by Anita Hill, they say, is not the Clarence Thomas they know. This must, they insist, be a desperate effort by his opponents to fling lots of mud and hope that some will stick. Anita Hill, in this vision, is an enemy or a pawn.

The trouble with this easy vision is that just as Ms. Hill's allegations do not describe the Clarence Thomas known to his friends, the cruel depictions of Anita Hill by her detractors do not describe the Anita Hill I have known since we were law students together more than a decade ago.

The Anita Hill I know is a person of integrity, compassion and deep spiritual substance. She is not a political activist. She is not vindictive. She is not self-seeking. She is not a publicity hound. She is cautious. She is warm. She is smart. She is thoughtful. She is funny. She is calm. She is, perhaps, a little shy.

The Anita Hill whom I know would not join any sort of smear campaign. She tried very hard to have her charges handled by the committee out of public view. When the committee decided — wrongly, in my view — to take no action beyond the cursory FBI investigation, Ms. Hill never pressed for more. A leak from Capitol Hill — not her action — brought her story to the public's attention. The attacks on her character that immediately followed brought her friends to her side.

Judge Thomas's friends have also rallied to his side. Indeed, what has made the Judiciary Committee's task so difficult is that neither Judge Thomas nor Anita Hill can simply be dismissed. Both are serious people who have earned the intense loyalty of those who know them.

Anita Hill has insisted from the beginning that it was never her desire to hurt Clarence Thomas or derail his nomination, and I believe that. Even after the leak from the Senate staff, it is possible that the worst might have been avoided for both of them had the response of the judge's allies been different, something conciliatory instead of an attack on her credibility.

Judge Thomas insists on reclaiming his honor. Long before his nomination, however, we had somehow reached a point at which no nominee is allowed any mistakes, and therefore no nominee is allowed any change or any growth. Honor seems to be found only in never having done anything wrong — a standard impossible to meet.

Now we face a double tragedy.

No matter what the outcome of the vote expected on Tuesday, what is needed now is a time of healing; the bitter political wounds that have now been opened will not easily be closed. But close them we must, as the careers of two very fine people are on the line, and there is no reason that either of them has to be destroyed.

The writer, a professor of law at Yale University, is author of "Reflections of an Affirmative Action Baby." He contributed this comment to The New York Times.

The Desperate Search for Ammunition

THE PHONE calls came throughout September. Did Clarence Thomas ever take money from the South African government? Was he under orders from the Reagan White House when he criticized civil rights leaders? Did he beat his first wife? Did I know anything about expense account charges he filed for out-of-town speeches? Did he say that women don't want equal pay for equal work? And finally, one exasperated voice said, "Have you got anything on your tapes we can use to stop Thomas."

The calls came from staff members working for Democrats on the Senate Judiciary Committee. They were calling me because several articles written about Judge Thomas have carried my byline. When I was working as a White House correspondent in the early '80s, I had gotten to know him as a news source and later wrote a long profile of him.

In a desperate search for ammunition to shoot down Judge Thomas, moderate and liberal senators, operating in the proud tradition of men such as Hubert Humphrey and Robert Kennedy, have allowed themselves to become sponsors of smear tactics worthy of the worst of a Lee Atwater.

Fair process and the intense questioning Judge Thomas faced in front of the committee for more than a week were not enough for members of the staffs of Senators Edward Kennedy and Howard Metzenbaum. They pressed me and others, including Anita Hill, for negative information about Judge Thomas.

Senate staffers found their speck of mud to fling at Clarence Thomas in an alleged sexual conversation between two adults. This is not the Senate Judiciary Committee finding out that Hugo Black had once been in the Ku Klux Klan (he had, and was nonetheless confirmed). This is not the Judiciary Committee finding that the nominee is an ideologue incapable of bringing a fair and open mind to the deliberations of the court. This slimy exercise is an abuse of the Senate confirmation process, an abuse of Senate rules and an unforgivable abuse of a human being named Clarence Thomas.

— Juan Williams in The Washington Post.

A Minuet No More

IN A liberal society, private acts between consenting adults are not the concern of society and the state. If a man's sexually aggressive behavior is accepted by the woman to whom it is directed, most of us would find no social or legal wrong.

In our open, dynamic and multicultural society there is no discrete set of accepted ways in which men and women can make known their availability, to say nothing of their attraction to a particular person. The dance of courtship is no longer a minuet, if it ever was.

So we should recognize the benefits as well as the costs of aggressive sexual communication and give them proper weight in social and legal rules.

— Lloyd Cohen, associate professor at Chicago-Kent College of Law, in The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: A Palace Scuffle

MANAGUA — At midnight yesterday [Oct. 12] an attempt was made to assassinate Dr. Sacaza, President of Nicaragua, by a corporal of the Palace Guard named Carlos Perez. The would-be assassin was caught on the roof of the palace over the President's bedroom. He had already made an opening into the apartment, when Dr. Sacaza, startled by the noise, called his bodyguard. Perez refused to surrender until the blows he received from the soldiers, who were ordered not to fire upon him, had rendered him almost senseless.

1916: Cowardly Nation?

NEW YORK — The United States Government is in possession of documents showing the German Government is convinced that Americans are too cowardly to fight in the present war and that once they realize that a continuance of the Administration's submarine policy means a conflict with Germany a howl will go up all over the country for the immediate abandonment of the policy. Americans express their disgust and shame that American warships stood by while the German submarine pirates drove women and children into open boats sixty miles from land.

1941: Columbus Faulted

NEW YORK — [From our New York edition:] The ideologies caught up with Columbus yesterday [Oct. 13]. The Moscow radio devoting its English language transmission to Columbus Day broadcast the Russian National Opera Orchestra playing three Sousa marches, followed by soloists singing "Home Sweet Home" and "My Bonnie Lies Over the Ocean." On the other hand, Italy, where Columbus was born, berated the discoverer for ever sailing west. The Fascist press said he founded a "paradise for Jews" in America and must take the blame for the "warlike way" of the United States of today.

Hussein Seeks His Subjects' Support

By Caryle Murphy
Washington Post Service

CAIRO — Jordan's King Hussein, seeking to overcome his subjects' opposition to proposed peace talks with Israel, has urged them "to bury senseless illusions" and "face reality" by supporting his government's negotiators at the discussions.

[Secretary of State James A. Baker 3d arrived in Cairo on Sunday at the start of his eighth Middle East visit since the end of the war in the Gulf, Reuters reported from Cairo. Mr. Baker will hold talks with President Hosni Mubarak before leaving Monday for Jordan, Syria and Israel to try to resolve the remaining obstacles to an Arab-Israeli peace conference later this month.]

King Hussein warned an audience of 2,500 Jordanians in Amman that nothing less was at stake in the impending peace process than "the destiny of our country and the security and future of our nation."

"Jordan is practically under siege," he said, referring to the kingdom's economic woes, exacerbated by the absorption of more than 250,000 returnees from Kuwait in the last year.

The king also said he needed rest and had considered, but rejected, abdicating. He is 55 years old.

King Hussein sought to dampen expectations of "speedy results" from any peace conference, saying that the process would be "enormous and complicated."

"It may last for many years to come," he said. But he also held out hope, saying, "It is not improbable for us to witness, within one year from the commencement of negotiations, the beginning of the termination of Israeli occupation" of the West Bank and Gaza Strip.

The king said that the United States had assured Jordan that it would "do its utmost" to have negotiations on the first phase of the peace process "concluded in one year." This first phase is envisioned as a transitional period, possibly lasting three years, of limited self-rule for the occupied territories.

King Hussein used two recent cabinet reshuffles to ease out ministers opposed to the talks, including Foreign Minister Abdullah Nsour, who reportedly was unwilling to lead a Jordanian delegation to meet Israelis. The king also postponed the opening of the National Assembly until December.

King Hussein hinted that Jordan's democratization might have to be delayed because of the peace process. "Were it not for these events which took us by surprise," he said, referring to the *pace of preparations for the peace conference*, "we would have carried out our national agenda as scheduled."



Reuters

Ariel Sharon, the Israeli housing minister, right, and Elyakim Haetzni, a legislator from the rightist Tehiya party, left, toasting settlers Sunday who took over a house in the Arab village of Silwan. Mr. Sharon called houses taken over by settlers "government assets."

SAUDI: *Dispute Over Army Stalls Gulf Security Pact*

(Continued from page 1)

increasingly loud calls for restraint in arms sales and support for the *Middle East peace process.*

The Bush administration and senior Saudi officials have sought to play down the dispute, and a number of experts in U.S.-Saudi relations insist that the close wartime relations between Riyadh and Washington remain strong, with both sides committed to the mutual interests of protecting Saudi Arabia's vast oil reserves and limiting the regional power of Iran and Iraq.

But the officials say the postwar demands on both sides have put a significant strain on the countries' relationship and all but frozen the plan to provide credible deterrent forces on the Arabian Peninsula.

A reconstruction of U.S.-Saudi security negotiations since the war, based on interviews with U.S. and allied officials, indicates that:

● Saudi Arabia has refused since June to accept Pentagon plans to position a U.S. Army division's worth of tanks and heavy weapons in Saudi depots without a commitment from Washington to produce a detailed survey of Saudi military needs that, in the Saudi view, should then pave the way for the transformation of the Saudi Army.

● Saudi Arabia's ambassador to Washington, Prince Bandar ibn Sultan, has declined to meet with the State Department's chief negotiator on the arms positioning issue, Richard A. Clarke, the assistant secretary of state for political-military affairs. Saudi officials now perceive Mr. Clarke's negotiating strategy as one that would lock in a positioning agreement without making a specific commitment to upgrade Saudi ground forces. Mr. Clarke's efforts to meet with Saudi officials have been repeatedly rebuffed since June and, during his tour of Gulf capitals set for later this month, he is planning to bypass Saudi Arabia.

● Pentagon officials have been forced to defer their plan, announced in April, to put a "forward headquarters element" of the U.S. Central Command on shore in the Gulf after Saudi officials expressed their concern that such a high-profile step would inflame sensitivities over a U.S. ground presence in the region.

● Saudi officials have refused to enshrine any new defense cooperation agreement with Washington with a "memorandum of understanding" like the one Kuwait signed last month. Though the Saudis have said privately that they would undertake new military cooperation under certain conditions, their unwillingness to publicly acknowledge their defense coordination with Washington after the war has added to the tone of ambivalence in the relationship.

Another element of confusion arose last month, when King Fahd removed the Saudi war commander, Lieutenant General Khaled ibn Sultan, who was deeply involved in postwar planning for his government. U.S. and allied officials said the general was retired by royal decree after he demanded a promotion to chief of staff of Saudi armed forces in a direct communication to the king, outside the chain of command that goes through his father, the minister of defense.

IRAQ: *UN Documents Reveal How Saddam Managed to Keep His Nuclear Aims Top Secret*

(Continued from page 1)

said Hans Blix, director of the International Atomic Energy Agency, which is supervising the attempt to destroy the bomb project. But "to see the enormity of it is a shock," he acknowledged in an interview.

● Advanced technology and training crucial to the project's development were freely supplied by Western companies, sometimes with the apparent knowledge of their governments. Centrifuge technology from West Germany, copper coil from Finland, precision machine tools from Britain, metal castings and special high-strength steel from Switzerland — all should have raised suspicions about what the Iraqis were doing, according to nuclear technology experts.

● Perhaps most chilling of all, officials believe the Iraqi program is still functioning. Its main ingredient is not the hardware that the Iraqis acquired but rather the thousands of skilled, dedicated scientists and technical workers employed in the project.

"You can remove the equipment," said Maurizio Zifferero, head of the atomic agency's inspection operation. "You can remove fissile material. You can destroy instruments. But you cannot take out the know-how."

"They are very proud of their achievement," Mr. Zifferero said of the Iraqis, "and there is reason to believe that if they are not kept under close check that they will start again."

Iraq's nuclear dreams predate Mr. Saddam — the first agreement with the Soviet Union for a small research reactor was signed in 1960, nine years before he seized power in a coup. But as with so many other features of modern Iraqi society, it was Mr. Saddam who grounded the nuclear program in pan-Arabist ideology, organized and funded it and gave it a mission: produce the first Arab atomic bomb.

Mr. Saddam headed a three-man committee, formed in 1974, to oversee the development of weapons of mass destruction, according to accounts from informed Iraqi opposition sources and from an Egyptian journalist, Adel Darwish, who has written extensively on Iraq.

The committee launched a major campaign to recruit Arab scientists, technicians and engineers.

Between 1974 and 1977, Mr. Darwish estimated, more than 4,000 Arabs, many of them Palestinians and Egyptians, arrived in Baghdad to work on high-tech projects. They responded to promises of high pay but also to the appeal of working in an all-Arab program whose ultimate target, they were told, was Israel. A select group was sent to the fledgling Iraqi Atomic Energy Commission, whose mission was to develop nuclear power for industrial use as well as a bomb.

Urbane, witty and serenely self-assured, Mr. Jaffar was perhaps the most brilliant of the commission's recruits. Scion of a prominent Iraqi Shiite Muslim family, he was educated in physics in the 1960s at British universities in Birmingham and Manchester, according to family friends in London. He pursued postdoctoral work at London's Imperial College and at the European Council for Nuclear Research in Geneva.

Mr. Jaffar, who is in his forties, returned to Baghdad in the mid-1970s with his English-born wife. There he and Hussein Sharistani, another Western-educated physicist, became the major scientific figures in the Iraqi nuclear program.

Friends say they were two very different men. Mr. Sharistani, who is also Shiite, was a deeply religious man who eschewed many of the luxuries being offered to Iraq's top scientists. But Mr. Jaffar enjoyed wearing tailored suits and eating in fine restaurants in London and Milan.

When the moment of truth came, they would make very different choices, according to an oft-told account of their involvement in the program. Mr. Sharistani has told friends that he resisted working in the program once he realized it was designed to produce a bomb, and he was arrested in 1979, tortured and charged with membership in an anti-regime organization. He was sentenced to 20 years in prison but escaped to Iran earlier this year after an allied air raid on Abu Ghraib prison in Baghdad.

According to Mr. Sharistani's account, which other Iraqi sources endorse, Mr. Jaffar went directly to Mr. Saddam to vouch for his colleague and seek his release. Then Mr. Jaffar himself was held in custody for several weeks or months. Both men were approached separately by Barzan Tikriti, Saddam's half-brother and then head of the Iraqi secret police, who offered them freedom in return for continued work on the bomb. Mr. Sharistani has told friends he refused. Mr. Jaffar accepted.

Some mystery still surrounds the role of Mr. Jaffar, who has repeatedly sought in discussions with International Atomic Engery Agency officials to conceal the extent of his involvement. U.S. and agency officials, who say they are inclined to believe the tale of his detention, caution, however, that it may have been concocted to explain his willing disappearance from public meetings and plunge into secret bomb work.

These days, Mr. Jaffar is deputy chairman of Iraq's atomic energy commission as well as deputy minister of industry and minerals. He also is in charge of rebuilding Iraq's electricity distribution network, according to agency officials. They describe him as a forceful and authoritative individual.

When Mr. Jaffar traveled to the West, friends say, he did so under a false name and was always accompanied by security men. Until he stood up to speak at the interrogation session in July, officials say, his name had virtually disappeared from Western intelligence files.

The United States had been aware of the scientist-recruitment program and received detailed intelligence reports on Iraqi weapons projects during the 1970s. But U.S. officials, apparently doubting Mr. Saddam's ability to follow through on his nuclear dreams, did not take aggressive steps to halt the program.

"It was partly racism and partly the State Department's enchantment with Saddam," said Ahmed Chalabi, a leading Iraqi opposition figure. "Your government refused to believe that Arabs could put together such a project."

According to one analyst, a U.S. intelligence report judged that "when it comes to nuclear weapons, it's easy to dismiss a country like Iraq."

Iran Tells Lebanon of Plan To Withdraw All Its Forces

New York Times Service

BEIRUT — Iran has decided to withdraw hundreds of its revolutionary guards from Lebanon, a move that could weaken fundamentalist Shiite Muslim groups in the country.

Security officials, who spoke on condition that they not be identified, said that Tehran had informed the Lebanese government of its decision last week.

The Iranian military presence in Lebanon has lasted nearly a decade and contributed to building up the radical Hezbollah, or Party of God, into a major political force. Lebanese security officials say they believed that the revolutionary guards initiated the kidnapping of Westerners in Beirut.

Beirut's leading daily, An Nahar, reported Saturday that all 1,500 revolutionary guards would be recalled. Security officials said the guards would go home by way of Syria, through which they arrived here in 1982.

Their commanders said then that their goal was to fight the Israeli Army, which had invaded Lebanon earlier that year to drive Palestine Liberation Organization guerrillas out of the country.

Kuwait Using New Oil Well

Reuters

KUWAIT — Kuwait has started pumping crude oil from one of the new wells being drilled to replace some of the 732 wells set on fire or damaged by retreating Iraqi troops. Oil Minister Hamoud Abdulla Raqba was quoted Sunday as saying that the first new well started producing Saturday in the Maqwa field and was producing 4,000 barrels per day.

For investment information
read THE MONEY REPORT
every Saturday in the IHT

Turkey Attacks Its Rebel Kurds in Iraq

Reuters

CUKURCA, Turkey — Turkish troops, planes and helicopters crossed into northern Iraq on Sunday to attack rebel Turkish Kurds for the third straight day, witnesses said.

They said at least 10 planes flew into Iraqi airspace and that hundreds of soldiers marched into Iraq from the border village of Cinarli in southeast Turkey. Helicopter-borne commandos also headed into northern Iraq, the witnesses said.

There was no immediate confirmation from the Turkish general staff.

The Iraqi press agency, INA, reported that Baghdad had warned Ankara that "grave consequences" might result if the Turkish operations continued.

The Turkish forces are attacking forces of the Kurdish Workers Party, which is fighting for a separate Kurdish state in southeastern Turkey. The guerrillas have taken refuge in Iraq.

The spokesman, Colonel Necdet Ipek, said that on Friday and Saturday planes and troops destroyed their targets and returned to base.

Colonel Ipek denied reports by Iraqi Kurdish groups that there had been casualties among civilians and their own fighters.

A spokesman for the Kurdistan Front, representing the Iraqi rebel groups, including the Kurdish Democratic Party and the Patriotic Union of Kurdistan, said Friday's raids had killed three Iraqi Kurdish guerrillas and wounded nine.

A Kurdish leader, Massoud Barzani, condemned Friday's attacks and urged Turkey to end them. He said six men and a woman were seriously injured and that casualty figures could rise.

Ankara has responded to previous Iraqi complaints about military incursions by saying that Iraq's borders were unguarded by the Iraqi Army and that Iraqi Kurds were supporting the Turkish Kurds.

TODAY MORE THAN EVER!

Act now for your 45% discount on a subscription to the IHT!

And, as an added bonus, you'll receive free issues – 52 free issues for a 12-month subscription; 26 for a six-month subscription. See the table below for savings and rates.



Call us toll free:
France: 05-437 437
Germany: 0130-84 85 85

Country/Currency		12 months (+52 free issues)	ONE-YEAR SAVINGS	6 months (+ 26 free issues)	3 months (+ 13 free issues)
Austria	A. Sch.	5,500	3,600	3,000	1,650
— *hand delivery	A. Sch.	5,800	3,300	3,200	1,750
Belgium	B.Fr.	12,000	8,020	6,600	3,600
Denmark	D.Kr.	3,400	1,332	1,900	1,050
Finland	F.M.	2,200	1,440	1,200	660
France	F.F.	1,700	1,394	935	515
Germany (mail)	D.M.	640	452	352	194
— *hand delivery	D.M.	810	282	416	217
Great Britain	£	175	98	96	53
Greece	Dr.	57,000	23,080	31,400	17,300
Ireland	Ir.	195	151	107	59
Italy	Lire	450,000	350,800	250,000	138,000
Luxembourg	LFr.	12,000	8,020	6,600	3,600
Netherlands	Fl.	650	533	360	200
Norway (airmail)	N.Kr.	3,000	1,732	1,650	900
— *hand delivery	N.Kr.	3,200	1,532	1,760	970
Portugal	Esc.	40,000	25,520	22,000	12,100
Spain (mail)	Ptas.	40,000	23,700	22,000	12,100
— **hand deliv. Barcelona Bilbao, Seville, Valencia	Ptas.	43,500	20,200	24,000	13,200
— **hand deliv. Madrid	Ptas.	54,600	—	27,300	13,650
Sweden (airmail)	S.Kr.	2,600	1,404	1,430	785
— *hand delivery	S.Kr.	3,100	904	1,700	935
Switzerland	S.Fr.	540	479	295	160
Rest of Europe, N. Africa, form. French Africa, Middle East	$	600	Varies by country	330	180
Rest of Africa, Gulf States, Asia Central/Latin America	$	750		412	225

* At these rates, you can get morning hand delivery in the following cities: Berlin, Vienna, Oslo, Stravanger, Stockholm, Goteborg and Malmo. For information concerning special hand-delivery in other major German cities call toll free IHT Germany at: 0130-84 85 85 or fax (069) 69.48.94. Rates do not include free issues.
** At these rates, hand delivery is available by morning in Barcelona, the same day in Seville and the next day in Bilbao and Valencia. For Madrid, hand-delivery is available by morning, but without the free issues.

Yes, I want to start receiving the IHT. This is the subscription term I prefer (check appropriate boxes):
☐ 12 Months (364 issues in all with 52 bonus issues). ☐ 6 Months (182 issues in all with 26 bonus issues). ☐ 3 Months (91 issues in all) with 13 bonus issues).
☐ My check is enclosed (payable to the International Herald Tribune).
☐ Please charge my: ☐ American Express ☐ Diners Club ☐ VISA ☐ MasterCard ☐ Eurocard ☐ Access
CARD ACCT. NO. _____ EXP. DATE _____ SIGNATURE _____
NAME _____
ADDRESS _____
CITY/CODE _____ COUNTRY _____
TEL. _____ FAX _____ 14-10-91
Return your completed coupon to: Subscription Manager, IHT, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.
This offer expires October 31, 1991, and is available to new subscribers only.

International Herald Tribune
Published With The New York Times and The Washington Post

The Fair and the banks have grown up together.



A banker once said "Money doesn't like to show its face". Well, maybe he's right, but the banks always seem to know where to find it. One place where there has always been a lot of money is The Frankfurt Fair. So it's not surprising that ever since 1240, when it was the first city to receive Royal trade fair privileges, banks have been flocking to Frankfurt. (Incidentally, the stock exchange also has its origins in The Fair. They soon discovered that all prices had to be fixed the day before it opened to avoid pandemonium!) As The Fair grew, so did the banks. Today, Frankfurt is one of the three major financial centres of Europe. This offers real advantages for The Fair's exhibitors and visitors. And it's a pleasure for the people of Frankfurt – when you're the first with a good idea it's always nice to see it succeed.

The first of all fairs.

Messe Frankfurt

AMERICAN TOPICS

Alien Grass Hurts Mount St. Helens

When the Mount St. Helens volcano in Washington state exploded in 1980, nearly every sprig of vegetation was swept away or buried, leaving a virtually lifeless terrain, though not for long. In each succeeding year, the gray swath of avalanche debris becomes a shade greener.

But, The New York Times reports, alien plants introduced in an effort to reduce erosion in the immediate aftermath seem to be inhibiting recovery of the native species. Virginia H. Dale, an ecologist, says that alien grasses appear to be depriving the native species of moisture and nutrients. Also, the abundance of seeds from the alien grass caused the field mouse population to rise sharply. The mice killed many young conifers by chewing bark off the trees. But hawks and coyotes are making a comeback as well, reducing the field mouse population.

The alien grass, originally planted only in outlying areas, has spread in patches to most of the volcano. Ironically, it did little to reduce erosion. Recognizing the mistake, the U.S. soil conservation service has begun collecting natural species and having their seeds available for future erosion control.

Meanwhile, willows have grown back to a height of 12 feet (3.6 meters). Cottonwood and red alder also are doing well. But Ms. Dale says it will take more than a century for the mountain to return to the way it was.

Short Takes

The Federated League of Americans Around the Globe, organized last spring to promote the interests of Americans abroad in taxation, voting, citizenship and medical care, has started publishing a quarterly newsletter, FLAAGSHIP. Membership fees start at $25 ($15 for students and retired persons) at FLAAG, 91, rue du Faubourg St. Honoré, 75008 Paris, France.

The Harley-Davidson, the only U.S.-manufactured motorcycle, is going great guns in Europe. Orders take six months to fill. In 1988, the Milwaukee manufacturer sold 9,400 Harleys overseas, about 16 percent of its $400 million annual sales. Last year it sold 16,000. People apparently are buying not only the bike but the "outlaw biker" image that the company does not particularly endorse. "Our image has softened a lot in America," a spokesman said. "We attract a lot of upscale, white-collar people. Riders in Europe tend to follow more of our '70s image." One balding, gray-haired customer in Berlin bought not only a hog — the bike's nickname — but a black leather vest, a gold hoop earring and a T-shirt that says, "The Strong Survive."

About People

When **William H. Gray 3d** moved last month from being majority whip of the House of Representatives, the highest-ranking elected black official in the country, to the presidency of the United Negro College Fund, his annual salary went up, from $130,000 to $175,000. Money, he says, was not on his mind; his aim was to help young people, especially the 50,000 enrolled in black colleges. "People are concerned that they're hearing a lot about education but they're seeing very little action," he said.

Alexandra Ripley says she can't wait for the publicity whirlwind around "Scarlett," her sequel to "Gone With the Wind," to blow over. "I'm going to go home and scrape all the paint off my face," she said, "put on blue jeans and scratch the head of my cat and see if she remembers me." Then, she said, she will "probably do something exotic like have a pizza," with "double anchovies."

Arthur Higbee

Japan Sees a New Chance to Win Back Kurils From Soviets

By David E. Sanger
New York Times Service

TOKYO — Amid Japan's struggle last week to name a new prime minister, its government quietly made another change that may have far more impact in the Pacific: It reversed its postwar strategy for dealing with the Soviet Union, betting that the next few months may offer a brief opportunity to win back a handful of the Kuril islands.

For decades the Japanese have refused to offer economic aid to the Soviet Union, except for a small amount of humanitarian assistance, until it resolved the territorial dispute over the islands, which the Soviets seized in the closing days of World War II.

But last week, Japan announced a $2.5 billion aid package that includes export credits and trade insurance that are clearly intended to prop up the collapsing Soviet economy.

Japan's foreign minister, Taro Nakayama, left Tokyo on Saturday for Moscow, where he will present the plan and assess a series of conflicting signals from the Soviet Union over whether sovereignty over the islands is negotiable.

Speculation that an islands-for-aid deal is in the works has been rampant in Tokyo, and Mr. Nakayama, whose term ends this month, is described by aides as eager for a breakthrough.

"My strong expectation is that our hopes are not going to be betrayed," a senior official of Japan's Foreign Ministry said this week. "I hope we are not being misled."

Japanese officials go to considerable lengths to insist that they will not buy back the islands, either for aid or other guarantees.

Nonetheless, if any deal is struck, it seems virtually certain to involve a large economic package, most of it aimed at the eastern reaches of the Soviet Union, coincident with a phased return of the islands.

The territory in question involves three islands — Etorofu, Kunashir and Shikotan — and one small group of islands, called the Habomais. Recent reports from the islands, which are believed to be rich in minerals and perhaps gas, suggest that the territory is rife with rumors that it may soon revert to Japan.

On Friday, Kiichi Miyazawa, who has the endorsement of the ruling party's top leadership to become Japan's next prime minister, said he supported the $2.5 billion in emergency and trade assistance.

But he said much more must be done so that Soviet citizens living on the islands are reassured that things will "not get worse" if Japan gets the territory back.

The islanders seem unconvinced. A group that visited the islands a few days ago with the regional head of Sakhalin, Valentin Fyodorov, said residents walked through the narrow streets of Yuzhnokurilsk, the main settlement on Kunashiri, carrying placards that said "Hands off our islands!" and "The Kuril Islands are Russian."

Mr. Fyodorov, who has been a vocal opponent of any plan to return the islands, was quoted recently as saying an independence movement could arise if a transfer occurs.

Japan's aid package came in response to a number of unexpected signals from the Soviets that they may change their long-standing objections to negotiating over the territories.

One of the key indications came in September, when Grigori A. Yavlinsky, a leading minister in the transitional government the Soviets set up after the August coup attempt, said the islands belong to Japan under the terms of an 1855 treaty, a reversal of the official Soviet position.

Since then other Soviet officials have indicated an eagerness to resolve the issue. But two weeks ago the acting speaker of the Russian parliament, Ruslan Khasbulatov, warned that any return would not be quick.

U.S. Is Leaving Air-Delivered Nuclear Arms in South Korea

By Don Oberdorfer
Washington Post Service

WASHINGTON — The Bush administration, while preparing to withdraw ground-launched nuclear weapons from South Korea, has decided for the time being to leave air-delivered nuclear weapons in place, according to official sources.

The decision, which has been made known to South Korean military and civilian officials, is likely to become increasingly controversial in the context of the complex nuclear diplomacy in the divided peninsula.

North Korea, in the latest of a series of shifting positions about its nuclear program, has refused to sign an international inspection accord until all U.S. nuclear weapons are removed from South Korea.

Despite elaborate pledges by President George Bush during President Roh Tae Woo's visit here in early July to consult Seoul closely about nuclear issues and an unusual meeting of U.S. and South Korean officials in Honolulu a month later to discuss nuclear questions, Seoul was not consulted in advance about Mr. Bush's decision on Sept. 27 to withdraw ground-based tactical nuclear weapons

Mr. Bush gave Mr. Roh no hint of the impending decision during a private meeting with him in New York four days before the announcement, according to diplomats.

In a letter delivered to Mr. Roh the day of the announcement, Mr. Bush did not mention the fate of the air-delivered nuclear weapons still on South Korean soil, but informed Mr. Roh that the U.S. security commitment to South Korea remained "rock solid."

South Korean officials subsequently were informed by Washington that air-delivered weapons would not be withdrawn from Korea under the new Bush policy.

According to Robert S. Norris of the Natural Resources Defense Council, about 60 U.S. air-delivered nuclear bombs are situated at Kunsan Air Base, a U.S. F-16 base south of Seoul, along with about 40 nuclear artillery shells. The artillery shells will be withdrawn under Mr. Bush's new policy.

Several retired high-ranking U.S. military officers have questioned the need for U.S. nuclear weapons to be based in South Korea.

The issue of whether to remove the remaining bomber-delivered nuclear weapons from South Korea could be complicated by Mr. Bush's decision to remove all tactical nuclear weapons from surface ships. The president's new policy means that nuclear bombs would not be available on aircraft carriers off the coast of Korea in times of crisis.

Though both Washington and Seoul insist formally that nuclear weapons policy regarding South Korea should not be linked to North Korea's nuclear program, there is little doubt that North Korea's stand on international inspection has brought the two issues together.

A State Department official said there was a growing belief in the administration that "time is running out" for policy-making regarding the North Korean program.

Administration officials now believe that it will be only "a year or two" before North Korea has a functioning uranium enrichment or reprocessing facility capable of producing the raw material for nuclear weapons, though acquisition of a deliverable weapon could come considerably later.

DROUGHT: *Good Life Hasn't Gone Dry*

(Continued from page 1)

something really wild, like allowing your child to have a lemonade stand or filling the kiddie pool.

Flushing toilets is discouraged, leading to a delicate new question of etiquette: When visiting at someone else's home, do you know them well enough not to flush?

Appeals of assigned rations are allowed, and Gregg Tom, deputy general manager of the San Francisco Water Department, said about half of them have resulted in the household being given a higher allotment.

Given the stakes, residents have risen to the challenge of devising creative excuses for a higher ration. One appellant argued that he needed more because he was providing drinking water for his cats, Mr. Tom said.

Residents with higher allotments than they need have said that they should be able to sell the unused portion of their ration. Mr. Tom said the idea was rejected both as anti-egalitarian and "an administrative nightmare."

While hearings were held last week to devise a more equitable system if the drought continues next year, many people are discovering unexpected benefits in rationing.

Biceps are being developed by the hanling of all the heavy buckets. And one resident has found that his roses thrive on the flotsam and jetsam in the water drained when he cleans his aquarium.

Still, residents are pinning their hopes on climatologists' predictions that the volcanic clouds caused by the eruption of Mount Pinatubo in the Philippines in June will shift global climate patterns and bring rain to California.

Until something does, the protagonist in Anne Tyler's novel "The Accidental Tourist," who took his dirty laundry with him in the shower and stomped it clean while he washed his body, is in danger of becoming a role model.

Red Foxx, TV Comedian, Dies at 68

By Nick Ravo
New York Times Service

Redd Foxx, 68, a ground-breaking comedian best known for his portrayal of a curmudgeonly junk dealer in the 1970s television series "Sanford and Son," died Friday in Los Angeles after suffering a heart attack during a rehearsal for "The Royal Family," a series that premiered Sept. 18 on CBS.

While Mr. Foxx was best known as the bow-legged, raspy-voiced star of "Sanford and Son," which ran from 1972 to 1977, he had had a long career on the black theater and cabaret circuit, where he was known as the dean of X-rated comedians.

Long before Richard Pryor and others began skewering taboos about sex, race and other delicate topics, Mr. Foxx was playing nightclubs and making 54 "party records" — spoken comedy with no music — a genre he claimed to have originated in 1956.

"No one expected me to be on television because I had a reputation from the party records as X-rated, but that's the type of humor I liked," Mr. Foxx said in 1982. "That's the humor I heard in the ghettos. They didn't pull no punches, and they didn't want to hear about Little Boy Blue and Cinderella. So I gave them what they wanted."

Mr. Foxx's real name was John Sanford. Born in St. Louis, he grew up in Chicago in a poor family. His father left home, and he ran away when he was 13.

Success did not come easily. Mr. Foxx often worked as a dishwasher or sign painter; for some years, show business dates alternated with brief jail sentences for such offenses as stealing a bottle of milk and sleeping in a hallway.

In Harlem, Mr. Foxx got the nickname Red because of his hair color and light skin, and he later added another "d." Sometimes he was called "Chicago Red" to differentiate him from his friend, "Detroit Red," the young Malcolm X.

■ *Other deaths:*

Gustave J. Daumin, 80, a pathologist who helped in the first successful human kidney transplant and did crucial research on Lyme disease and babesiosis, Friday from complications of prostate cancer in Boston.

Dr. Paul N. Yu, 75, former president of the American Heart Association and physician to Chiang Kai-shek, Tuesday after an unspecified illness in Taipei.

Sheila Florance, 75, who recently won Australia's top acting award for her portrayal of a woman facing terminal cancer, Saturday of cancer in Melbourne.

O. Wayne Rollins, 79, an entrepreneur who parlayed Depression-era $10 weekly wages into a fortune estimated at nearly $1 billion, Friday in Atlanta.

Regis Toomey, 93, who appeared in more than 200 movies and whose 185-second kiss with Jane Wyman in "You're in the Army Now" has been called the longest on-screen kiss in Hollywood history, Saturday in Los Angeles.

INTERNATIONAL CLASSIFIED

PERSONALS

MAY THE SACRED HEART OF JESUS be adored, glorified, loved and preserved throughout the world, now & forever. Sacred heart of Jesus, pray for us. Saint Jude, worker of miracles, pray for us. Saint Jude, help of the hopeless, pray for us. Say this prayer nine times a day, by the ninth day your prayer will be answered. It has never been known to fail. Please publish afterwards. Thank you Sacred Heart and Saint Jude. G.A.

ANNOUNCEMENTS

TO OUR READERS VISITING FROM THE U.S.A.

THE IHT IS NOW AVAILABLE IN MANY U.S. CITIES ON DATE OF ISSUE

Now printed by satellite transmission in New York the International Herald Tribune offers same-day home or office delivery in Manhattan, most areas of Boston, Los Angeles, Miami, Philadelphia, San Francisco and Washington D.C.

Subscription copies are now flown directly to Atlanta, Chicago, Denver and Seattle for speedy mail delivery.

In the U.S.A., call TOLL FREE 1-800-882-2884

In New York, call (212) 752-3890

Herald Tribune
850 Third Avenue
New York, N.Y. 10022
Telex: 427 175
Fax: (212) 755-8785

MILA SCHON. The most refined of allties, in ZURICH exclusively at - WEINBERG's - leading men's store - 13, Bahnhofstr. 01-211 29 50

ALCOHOLICS ANONYMOUS English speaking meetings daily. Tel: PARIS 46 34 59 65 or ROME 678 0320.

FITNESS

FITNESS TRAINER
The American way to fitness. A specialist in strength training, bodybuilding and physique sculpturing. Let me create the body you want. Michael - Paris Tel: (1) 40 23 93 67. Fax: (1) 45 26 58 68.

SATELLITE TV

SATELLITE TELEVISION DECODERS Decoders and subscriptions for movie channels. Immediate Delivery. Tel: +44 344 874550 or Fax +44 344 874551. Major Credit cards welcome.

RIVIERA SATELLITE. Monaco to St Tropez. Buy or rent from 10FF/day. Also Sky/BBC decoders. Robin Morris. Tel (+33) 93.78.78.00. Fax 93.25.46.74

MOVING

1992 - NOW!
interdean
INTERNATIONAL MOVERS
FOR A FREE ESTIMATE CALL
PARIS (1) 39569000
NICE COTE D'AZUR 93742121

BUSINESS OPPORTUNITIES

IRISH NON-RESIDENT COMPANIES £195

Ideal tax-avoidance vehicles: low profile, tax free & European. Suitable for trading, consultancy and other activities. For immediate service contact.

Elish Murphy, Director, Sovereign Company Services, 56 Fitzwilliam Square, Dublin 2, Ireland.
Tel: +353 1 618490 Fax: 618493

WE HAVE POLISH SECURITIES in form of avalised drafts & bank guarantees (Prime Polish banks). Looking for discounting. Please contact Luxembourg Fax: 352-47648.

HONG KONG CORP., $415. Annual cost $398. SR Ltd. 701 35 Queen's Rd. HK. Tel:852-5233672 Fax: 852-8400217.

OFFSHORE COMPANIES! All areas! JPCR, 175 Church Street, Douglas, Isle of Man. Tel 0624 629529 Fax 629662

BUSINESS OPPORTUNITIES

INTERNATIONAL OFFSHORE COMPANY INCORPORATIONS FROM US$150
Comprehensive professional services include nominees, Representative offices, Powers of attorney, telex, telephone Fax, mail forwarding worldwide
Island Resources
National House,
Santon, Isle of Man.
Phone: (0624) 824555
Tlx 628352 Island G. Fax: (0624) 823949

OFFSHORE

Companies for all purposes including banking and insurance. We offer 30 years professional experience worldwide. Brochure on request.
ASTON CORPORATE MANAGEMENT
19, Peel Road, Douglas, Isle of Man.
Tel: 0624 626 591 Fax: 0624 625 126

INFORMATION SERVICES

WANT MORE US SALES? EVERY US business completely profiled. 1 day service. You select criteria. CALL IFI (33.1) 43.29.64.64 or Fax 42.54.39.18

BUSINESS SERVICES

TRANSLATION & INTERPRETATION services, specialized in International Marketing Distribution and general business issues. English, Dutch, French, German. Call or Fax: ESTEMM (32) 2 - 673 67 87.

LONDON ADDRESS BOND STREET. Mail, Phone, Fax, Telex, Conference room. Call 071-499-9192. Tx 262690.

WE TRANSLATE. Your bio-med research into any European language. Hamilton Translations, (33-1) 69281818

REAL ESTATE FOR SALE

FRENCH PROVINCES

NORMANDY, small restored row house Paris 1 hour. Garden, stream, terraces. F445,000. (33) 32210425

USA RESIDENTIAL

EXCLUSIVE GOLDEN BEACH Florida. Stunning mediterranean designed house, 1990. Enclosed swimming pool, private dock. Drastically reduced. Contact London 071 584 7250 or US 305 522 7523

REAL ESTATE TO RENT/SHARE

GREAT BRITAIN

Harrington Court
HARRINGTON COURT
YOUR HOME IN SOUTH KENSINGTON
Just a few steps away from the Museums and Harrods. We have a choice of newly decorated apartments ranging from very spacious 3 bedroom maisonettes; to lavishly furnished 10 bedroomed penthouses with massive elegant double reception rooms and formal dining rooms, one complete with private lift and sauna. Ideal for group travel, business conferences and the Film or Music Industry, providing a completely serviced base in a high security building, equipped to maintain the highest standard of modern living with excellent facilities for entertaining; offering the discerning visitor the standard and service found in a luxury hotel plus the privacy and comfort of ones home.
PLEASE CALL US NOW FOR OUR SPECIAL CORPORATE RATES.
Attn: General Hild, Harrington Court, 13 Harrington Road, London SW7 3ES
Tel 071 225 0166 Fax 071 581 5752

KNIGHTSBRIDGE £59/night serviced luxury flats beside Harrods. From £29 in Kensington, Oxbridge Apartments Tel: (71) 835-1611 Fax: (71) 373-0006.

HOLLAND

**** AMSTERDAM HOUSING **** (semi) furnished villas - houses - flats. Tel. +31.20.6717266. Fax: 6715986. Singerbeeldstr. 29, 1078 BH Amsterdam

PARIS AREA FURNISHED

FLATOTEL
EIFFEL TOWER OR EXPO PORTE DE VERSAILLES
from studio to five room deluxe apartments fully equipped and serviced, daily, weekly or monthly
Any further information:
Call: 05.345.345 Toll Free
or (1) 45 75 62 20

REAL ESTATE TO RENT/SHARE

PARIS AREA FURNISHED

First Residences
PARIS
A luxury fully furnished residence to let along "the Seine" for your stay in Paris

RESIDENCES KENNEDY 2
Impressive residence with 30 luxury, fully furnished flats. Exceptional location, views over Paris, its river and bridges... From the studio to the spacious 3 bedrooms with up-to-date comfort. Private carpark, security and maid service. Easy acces by Bus, Metro, RER and Highway.

79 quai Andre Citroen, 75015 Paris
Tel 1-4525 9501. Fax 1-4288 2991

74 CHAMPS ELYSEES
LE CLARIDGE
FOR 1 WEEK OR MORE
high class studio, 2 or 3-room apartments. FULLY EQUIPPED
IMMEDIATE RESERVATIONS
Tel: (1) 43 59 67 97

AT HOME IN PARIS
SHORT OR LONG TERM
apartments for rent furnished or not
PARIS PROMO
Real Estate Agent - Property Manager
25 Ave Hoche, 75008 Paris. (1) 45632560

INTER URBIS
UNFURNISHED/FURNISHED RENTALS
FLATS & HOUSES FOR SALE
31 rue de Monceau, Paris 8th.
Tel: (1) 45 63 17 77

AGENCE CHAMPS ELYSEES
Offers apartments in residential areas from 3 months or more.
Tel: (1) 42 25 32 25
Fax: (1) 45.63.37.09

LAMY (1) 47 23 53 14
5 av. Pierre Ier de Serbie, Paris 16.
Mme DELOS. Apartments short-long term

OWNER RENTS APARTMENTS, fully furnished and equipped, in the best areas of Paris, for 1 day to 3 years. Reasonable prices. Call (1) 4056 3232 or 4306 8292, Fax (1) 40 56 33 23.

EXCLUSIVE FURNISHED RENTALS
First in quality and service
Tel: 1-47 53 86 38. Fax: 1-45 51 75 77.

16TH, PASSY, Extremely Charming Fully equipped penthouse apartment with large garden terraces. Eiffel Tower view. Satellite T.V. 1 bed. 6 month let. Tel: (UK) 71 602 9625

PARIS BIENVENUE. Furnished studios & apartments. 1 WEEK TO 2 YEARS in Central Paris. Chauffeur available. Tel: (1) 47 53 80 81. Fax: 47 53 72 99

15th, SEINE VIEW, 60 sqm., 1 bedroom, living, dining, parking. Long term lease. F12,000 per month net. SOGETRAN 1-42463791 - 43310792

16th, NEAR PLACE VICTOR HUGO, large 130 sq.m. duplex, 2 bedrooms. F20,000 + charges. Available Dec 1st. Tel (1) 45 16 01 76

VERSAILLES NEAR RER. 18th century building, ravishing 2 rooms. F5,100 + charges F150. Tel: (1) 39 02 78 66. Fax (1) 39 02 73 50.

NEUILLY/SABLONS, lovely 100 sq.m. double living + 2 bedrooms, 7th floor, very sunny, view, between Paris & La Defense, F10,000. Tel 1-47230484

(8th) EUROPE, Beautiful apartment, 150 sq.m., 5 rooms, 2 baths, 5th floor, lift. Rent F15,000 monthly charges included. Tel: (1) 42 80 42 94.

ODEON beautiful view over Paris, studio 24 sq.m., kitchen, bath, lift. F4,000. No agent. 46614620 or leave message.

17th, VILLIERS, 3 rooms, charm, sunny, nice view, fireplace, balcony, 1 YEAR from now. FB,300. (1) 40 41 04 55

PANTHEON ON GARDEN charming studio, fully equipped, short or long term. F4300. Tel: 46.33.74.72

LUXEMBOURG PARK (near), 2-room flat, charming modern, private, calm, sunny. Reasonable: (1) 45.38.55.60

NEUILLY - BD DE COURBEVOIE. Luxurious 4-room apartment, 100 sq.m. F15,000. Tel: (1) 45 26 21 62.

16th RANELAGH, lovely & impeccable 40 sq.m. living + bedroom, bright & quiet. F5000. Tel 1-47230484

PARIS AREA UNFURNISHED

EXECUTIVE RELOCATIONS helps you relocate to Paris, save your time, get best conditions! 3 rue Berryer, 8 ème. Tel (1) 40.74.00.02. Fax (1) 42.56.19.29

REAL ESTATE TO RENT/SHARE

PARIS AREA UNFURNISHED

Embassy Service
8 Ave. de Messine
75008 Paris
YOUR REAL ESTATE AGENT IN PARIS
(1)-45 62 30 00
FAX (1)-42.89.27.54

MOVING TO PARIS made easy: Our friendly, experienced executive relocation services can ensure that your transfer will be smooth. At Home Abroad Tel 1-40990837. Fax 1-40999816

MONACO

PRINCIPALITY OF MONACO
SUPERB 4/5-ROOM APARTMENT
For rent in a prestigious residential building close to the sea and beaches, 308 sq.m., in perfect state, composed of a double living room, 3 bedrooms, 2 bathrooms, a fully equipped kitchen, 3 cellars, 2 parking spaces, view of Cap Martin and Mediterranean.
For futher details please contact:
AGEDI
ERI Residential
7 and 9, Bd des Moulins
MC 98000 MONACO
Tel: (33) 93.50.66.00. Telex: 479417 MC
Fax (33) 93.50.19.42.

USA

NYC E. 72nd. 2 bedrooms, BR, doorman, antiques, cable. $1750/mo $800/week. Paris (1) 42787510

EMPLOYMENT

EXECUTIVE POSITIONS AVAILABLE

ENGLISH SPEAKING LAWYER needed by Paris law firm as back-up to American partner. US & French matters involving tax, trusts & estates, corporations & commercial agreements. American lawyer preferred, but other national considered. Minimum 3 years experience. CV to Box 2405, I.H.T., 92521 Neuilly Cedex, France.

GENERAL POSITIONS WANTED

DATA COMMUNICATION SPECIALIST
Long, comprehensive experience in information technologies and computer networks, fluent in English, German and French, is looking for a medium term international assignment anywhere. Please call: + 41 22-782-8536 or write to: Mr Hans BODMER, 38 Vaudagne, 1217 Meyrin/Geneva, Switzerland

EDUCATIONAL POSITIONS AVAILABLE

TEACHERS, AMERICAN OR ENGLISH, bilingual, experienced, full time. Valid working papers. Tel: Cybele Langue at Paris (1) 42.89.18.26 (1 - 6pm).

DOMESTIC POSITIONS AVAILABLE

AU PAIR NEEDED for English family in Fontainbleau France, help with/care of: 2 boys 3 & 1 + some housework. Tel: 1-60 72 21 69

DOMESTIC POSITIONS WANTED

FRENCH LADY, good background, fluent English seeks position as lady companion in Paris, own unfurnished room. Tel: 1-46.40.01.54

AUTO SHIPPING

TRANSCAR 17 cv de Friedland, 75008 Paris. (1) 4225 6444. Nice 9321 3550. Antwerp 233 9985. Cannes 9359 4344

AUTOS TAX FREE

TRASCO BREMEN. Tax free from stock NEW MERCEDES S-CLASS W140, Tax free new and used Audi, BMW, Mercedes, Porsche, Volkswagen, Volvo. Stendamm 38, 2820 Bremen 77 Germany. Tlx: 246624. Fax: (0)421/630205. Tel: (0)421/633044.

TRASCO BREMEN Mercedes + Audi Armored cars & stretched limousines from stock. Stendamm 38, D-2820 Bremen 77 Germany. Tlx: 246624. Fax: (0)421/630205. Tel: (0)421/633044.

LEGAL SERVICES

DIVORCE BY MAIL. Final in 14 days certified by US Government. Tel: FRG (49) 211.714950 or (49) 2101.278569

LOW COST FLIGHTS

ACCESS VOYAGES

	One Way	Round Trip
New York	F1100	F2295
Los Angeles	F2135	F4290
Miami	F1785	F3410
Washington	1280	F2565
Montreal	F1210	F2420
Rio de Janeiro	F3080	F5170
Australia	F4835	F7885
Japan	F4360	F7885
London	F595	F675

and more destinations ...
Discount on 1st & business class
Rates subject to modifications
Restrictions may apply
Tel: 1-40.13.02.02 & 1-42.21.46.94
Fax: 1-45 08 83 35
6 rue Pierre Lescot, 75001 Paris
Metro - RER Chatelet Les Halles
(Lic. 1.75.111)...and also

ACCESS IN LYONS
Tour Credit Lyonnais, 129 rue Servient 69003 Lyons. Tel: (16) 78 63 67 77
Book now by phone with credit card

BUSINESS AND 1ST CLASS FARES Low fares Europe to U.S.A., Canada, Caribbean, Mexico & South America. Bluewheel Travel London. Tel: (UK) 081 202 4535. Fax: (UK) 081 202 3839

WORLDWIDE scheduled departure at the lowest ever discount: economy airfare. Credit cards possible. Tel: Paris (1) 42 89 10 81 Fax 42 56 25 82

DAILY FLIGHTS AT LOWEST FARES to any major North American int'l airport. Tel: Paris (33-1) 47 04 67 51.

SAVE THOUSANDS OF DOLLARS on flights and hotels. ETN shows the right way. Fax: (31-20) 638 2271

HOTELS

BELGIUM

BRUGGE, BELGIUM - 40% OFF. Very central, 't Kotteboontje Hotel-Restaurant, Hallestraat 4. Special winter offer on B & B rooms from £20 to £60 fully furnished. Minimum 2 days. Tel: 32 50 338027. Fax: 343904.

BUSINESS TRAVEL

HOTELS: WHY PAY FULL PRICE? up to 50% off. FREE SERVICE-no fees-business travel only. Discount flights/cars. Tel (33-1) 45332050. Minitel 3616 Roomtel

TICKET AGENTS

LONDON? Tickets for Phantom of the Opera, Miss Saigon, Cats, Starlight Express and Les Mis, etc. All sporting events. Book now. Tel 071 388 1594 8am - 10 pm 7 days

COLLECTIBLES

ELVIS FANS - NOW AVAILABLE an authentic copy of Elvis' "Last Will and Testament". US$ 20.00. E.P. World, Box 1341, Raffles City, Singapore.

BOOKS

COMIC BOOKS, X-WORDS, Men's Magazines & much more. Remainder prices. Visit us Frankfurt Bookfair Oct. 9-12th, Hall 3.0, Booth A907 or write for information: Komor Co., PO Box 1974, Baltimore, MD. 21203 USA

* For investment information read THE MONEY REPORT every Saturday in the IHT *

The International Herald Tribune is honored to welcome these world-renowned companies as sponsors of its 1992 series.

ALCATEL

WestLB
The Westdeutsche Landesbank

World Trade Center
French Geneva County - Archamps

In Touch with Tomorrow
TOSHIBA

Herald International Tribune
Published With The New York Times and The Washington Post

1992 The World's Rendezvous With Europe

Banking, Finance and Insurance

Twenty-Seventh In a Series

Monetary Union / Getting There

On the Road to Maastricht: Treaty Signing Is Predicted

"This is, in my opinion, the end of the discussion of the two-speed monetary union," proclaimed EC Commission President Jacques Delors at the Sept. 21 meeting on economic and monetary union held in Apeldoorn, the Netherlands. "Politically, it is very important that all 12 ratify the treaty at the same moment."

The EMU treaty, which is expected to be signed Dec. 9-10 in the Dutch city of Maastricht, is a critical stepping stone to the ultimate union of the European Community — a stone that has often been in danger of sinking into the murky depths of 12 conflicting national demands. At times, it seemed that the creation of a single European currency and a central European bank would never happen or, perhaps worse, that the treaty would be signed by only a few of the most economically powerful nations while the others were shut out.

Now, despite serious obstacles still to be solved, the monetary power players are more optimistic than ever before. German Finance Minister Theo Waigel, Italian Finance Minister Guido Carli and French Finance Minister Pierre Bérégovoy — formerly at odds with each other over various EMU draft proposals — now give the impression that the major dispute is over. "I have the feeling that we can reach a monetary union treaty signed by all the member states," said Mr. Bérégovoy.

The biggest battle was waged primarily between France and Germany over the mechanics of the transition to EMU's final phase, where a European central bank would run monetary policy for a single European currency. The argument culminated in a recent proposal by the Dutch presidency that alarmed such countries as Italy and Greece, which felt that a "two-speed" Europe was being created. They feared that the rich North European countries would control the new single-currency union and perhaps bar the poorer southern countries from joining at all.

"We are opposed to suggestions that the two-speed approach is the likely scenario, as distinct from something that has to be provided for in case of necessity," said Albert Reynolds, the Irish finance minister.

The Dutch proposal suggested strict economic convergence between a core group of EC countries that wanted to enter the new single-currency bloc. Only those nations able to meet tough standards on interest rates, inflation rates, budget deficits and price stability would be able to join in the first tier of fast-track countries. The Dutch suggestion that as few as six countries — probably Germany, Denmark, France, Belgium, Luxembourg and the Netherlands — could form the elite monetary union triggered not a little outrage.

"An economic and monetary union of two speeds is not politically acceptable," said Mr. Delors.

Italy's Mr. Carli, who has been quite vocal in this latest skirmish, accused the Dutch proposal of contradicting "the basic principles of our Community."

Even outside observers were ruffled. "I think it's a diplomatic mistake and an unfair proposal from Dutch civil servants, rather than from the government," argued a spokesman for the Paris-based Association of Monetary Union of Europe.

The seeds of controversy were planted not long ago, when Mr. Delors presented a draft based on the EC's summit conference in Rome, where the year 1994 had been set as the starting date for Stage Two — which is the transitional stage of EMU. In Mr. Delors's draft, the European Central Bank would have started at the beginning of the transitional phase, giving it time to coordinate monetary policies of the national central banks, supervise the creation of the Ecu and lay the groundwork for linking the payment networks. Both the French and the EC Commission contended that a definite timetable and a working central bank would prod governments to prepare for monetary union.

Suddenly, however, Germany jumped into the fray with a draft treaty that had the "EMU conference table shuddering under the impact," according to one financial magazine. Leery of a new institution that would rival the power of the German Bundesbank within the European monetary system, the Germans proposed postponing the creation of a European central bank by about two years, until the end of the transitional phase that would conclude in 1996.

But now, just eight weeks from the expected signing of an EMU treaty, the EC finance ministers have shown themselves to be in a conciliatory mood.

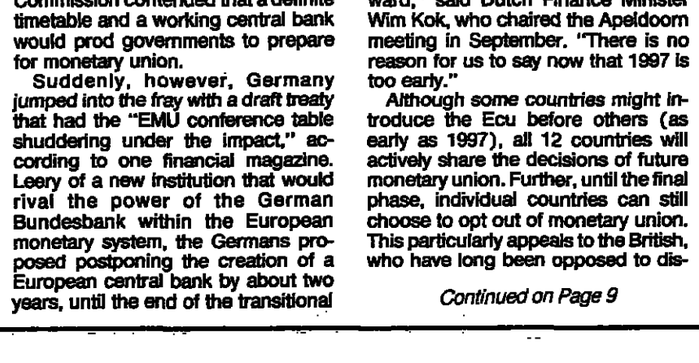
"We've made a decisive step forward," said Dutch Finance Minister Wim Kok, who chaired the Apeldoorn meeting in September. "There is no reason for us to say now that 1997 is too early."

Although some countries might introduce the Ecu before others (as early as 1997), all 12 countries will actively share the decisions of future monetary union. Further, until the final phase, individual countries can still choose to opt out of monetary union. This particularly appeals to the British, who have long been opposed to dis-

Continued on Page 9

WHO WANTS THE ECU?

A 1990 survey of 6,049 people from all 12 EC countries showed that, among those who expressed a preference, 61 percent were favorable to and 39 percent against the replacement of their national currency by the Ecu within five or six years.



Source: Association for the Monetary Union of Europe

Insurance / Not What It Used to Be

For Banks and Insurers, The Dividing Line Blurs

Acquisitions, alliances and commercial agreements between banks and insurance companies are becoming increasingly common across the European landscape. But in this marriage of sometimes unwilling partners, which of the two benefits? And how about the consumer?

Today the European insurance industry is undergoing major — even revolutionary — changes, and insurance companies now find themselves wooing and being wooed by banks with great ardor. A variety of forces are driving this transformation.

The first is a change in demographics. The graying of Europe has raised the proportion of savings dedicated to insurance and pension programs and has reduced the share of such funds in bank deposits. To protect their market share, banks are entering the long-term savings arena, territory that once belonged exclusively to the insurance companies.

Growth rates are also differentiated. An Andersen Consulting study of insurance in Europe predicts a growth rate of 5 percent to 9 percent for the larger and more sophisticated insurance markets of Northern Europe such as Britain and Western Germany. If this is compared to the 1988 growth rate of 15.1 percent in life insurance and 5.6 percent in property/casualty policies, the slowdown is dramatic.

Meanwhile, the countries of Southern Europe are continuing to grow briskly. Georgio Brinatti, chief executive officer of Italy's SAI, notes that the annual increase of the "underinsured" Italian market is about 14 percent, while Spain is so attractive as an insurance market that more than 60 percent of the capital in Spanish insurers is held by foreigners.

New distribution channels are being created — a key factor in the marketing of insurance products, notes Carlo Baldissera Pacchetti, coauthor of the Andersen study. Insurance companies seeking to expand within and even beyond their national boundaries have sought to take advantage of the built-in distribution system represented by bank networks.

Giacomo Mandarino of the Tilling hast division of the management consulting firm Towers, Perrin, Forster & Crosby points out: "Of the top 50 banks in Italy, we can say that most are married to this concept or are flirting seriously. The overtures come from the banks, however."

British insurers were the first to utilize the bank channel, with slow and steady growth. In Spain and France, such growth has been explosive. Banks distribute 74 percent of the life and pension segment in Spain, according to a Salomon Brothers study; Andersen Consulting claims that 70 percent of the capitalization products in France are sold by banks.

Another important element is competition. Banks may also create their own insurance companies and become direct competitors with their would-be partners. By the beginning of last year, only in Scandinavia was it still difficult for banks to own insurance companies and vice-versa. "Financial services are becoming more and more difficult to compartmentalize," says Sir Leon Brittan, vice president of the EC Commission. Forecasts suggest that before 1995, banks will control about 20 percent of the life-insurance market, half through distribution and half through underwriting.

In addition to banks, insurance companies face competition from their foreign counterparts. In the property and casualty segment, predicts Andersen Consulting, national

Continued on Page 9



For all your future communications systems.

At Alcatel we have a full understanding of every aspect of worldwide communications.

Although our communications systems operate around the globe, we never forget the importance of personal contact.

Our expertise is total and encompasses all communications systems; Network Systems, Radiocommunications – Space and Defense, Business Systems, Cables, and Network Engineering and Installation. Our operations extend to over 110 countries worldwide.

Throughout these countries our expertise is represented by no less than 120,000 locally-based experts who fully understand your specific requirements and your specific environment.

The story doesn't end there. An annual research budget in excess of $1·8 billion keeps us at the cutting edge of communications systems technology. These include Intelligent Networks, Digital cellular radio, Synchronous transmission networks and Broadband communications.

So we're able to solve all your communications problems both now and well into the next century.

ALCATEL

Alcatel n.v., World Trade Center, Strawinskylaan 341, NL 1077 XX Amsterdam, The Netherlands.

ADVERTISING SECTION

1992 The World's Rendezvous With Europe

Eastern Europe / The Mechanics of Aid

Financing for the East: Not Just a One-Way Street

Pragmatism is the order of the day for Eastern Europe. Constrained by past debt burdens and internal contingencies, Western bankers have formulated plans addressing the countries' immediate needs.

Some $150 billion is currently owed by East European countries to Western banks and governments. The Soviet Union alone will have to come up with $10 billion this year to meet interest payments and short-term loans. The largest figure of all is a question mark: How much will these countries need to first make it through a "hunger winter" and then to restructure their economies?

"Perhaps $2 trillion, perhaps $10 trillion," is the price tag put by Rainer Siegelkow, senior economist for Eastern Europe with Düsseldorf's Westdeutsche Landesbank Girozentrale, on the total reconstruction of Eastern Europe. This vast sum of money, as he explains, exceeds not only the capacities of Western financial authorities to provide it, but also the current economic infrastructures in Eastern Europe to absorb it and put it to use.

But Mr. Siegelkow also provides a much more realistic figure. Fifteen billion Deutsche marks ($9 billion) a year would assure the supply of food and emergency bridging finance to the East and allow for the modernization of the energy sector and other foreign exchange earners. The EC and Japan last week pledged $2.5 billion each to the Soviet Union this winter.

For Georg Krupp, Deutsche Bank's managing director responsible for Eastern Europe, among other areas, any practicable East European financial aid plan will have to take into account past developments and present realities. One example is the outstanding debt to Western banks.

"In the case of Poland and Bulgaria, for instance," he says, "the first matter to address is the resolution of interest arrears and old debts. Until this matter has been settled, any new commitments at the banks' own risk are totally out of the question."

Nor can any single Western government be assigned responsibility for mastering this enormous and growing financial burden. "As German Chancellor Helmut Kohl has pointed out," states Mr. Krupp, "Germany already provides 56 percent of total aid for the Soviet Union and 32 percent of all financial support for Eastern Europe."


HANS WOLF/THE IMAGE BANK

Reconstruction price tag: $10 trillion, or DM17 trillion, or....

The Group of Seven has recently reached a consensus that the Soviet Union must be given some relief on its short-term debt. This is a way of helping it overcome its current "liquidity crisis" so that debt serving will become less difficult.

Mr. Krupp's plan for Eastern Europe features concerted action by the Group of 24 governments and such international financial institutions as the Organization for Economic Cooperation and Development, the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development.

Channeling this assistance would be a newly established Soviet Bank for Reconstruction and Development, an idea advanced by Deutsche Bank's board speaker Hilmar Kopper in June. "The SBRD could be so constituted as to have voting rights for all Soviet republics," says Mr. Krupp. "This would underline the new democratic character of such a confederative financial institution."

Terry Swartzberg

Switzerland / Keeping Up With the EC

Swiss Develop New Strategies in Face of Competition

Asset management is worth a lot of money to the Swiss — reliable estimates put funds managed at 150 trillion Swiss francs ($217 trillion). In 1980-90, these funds grew at a compounded annual rate of 10 percent. Jean Bonna of Lombard, Odier and Cie says asset management is about a third of Swiss bank income.

For years, the Swiss seemed to hold all the aces. Money poured in and investors felt secure. In the highly charged investment world of the 1970s and early '80s, however, the picture began to change despite growing funds. Banks throughout Europe honed their investing skills as the EC moved toward a single market.

Several other factors led the Swiss to develop a more competitive approach. First of all, Switzerland no longer has a monopoly on banking secrecy, currency or political stability, and bankers have been forced to focus on their other strengths, such as experience. The enactment of the Swiss Cartel Commission's recommendations is resulting in a reorganization of fees, with greater pressure on profit margins. There are also worries that too much banking business is moving abroad, especially fund business to Luxembourg. There is also tougher competition at home.

The result is several new Swiss products on the market. Swiss banks are stepping up their mutual fund offers in particular. The three big banks alone have launched more than 20 new funds this year, and more are on the way. Meanwhile, legislators are busy drafting a new mutual funds law. It is sure to make Swiss legislation more closely aligned to that of the EC.

One of the most interesting new ideas comes from an unexpected corner: an insurance company. La Suisse, based in Lausanne and the country's second-oldest insurance firm, surprised everyone when early this year it introduced Swiss Space (an acronym for single premium annuity certificate). The one-premium insurance policy sounded remarkably close to a bank service.

For a one-premium payment, the insurer guarantees a life or fixed-term annuity, which can be deferred or immediate, as well as the refund of the premium minus any annuities paid upon the death of the insured person or at the request of the owner of the policy. Interest (at current rates, about 5 percent) plus profit-sharing paid with the annuity is guaranteed.

Other Swiss insurers have been quick to come up with their own new ideas, thanks largely to EC freedom in services, in effect for over a year. Winterthur has developed "Eurowin," for example, aimed at companies that would like all their subsidiaries in various companies to be covered under one policy that nevertheless meets local needs. The new scheme is particularly valuable for transnational employee benefit programs. Zurich Insurance has recently come up with a similar plan.

Ellen Wallace

Investment Services / What Price Freedom?

Stock Exchanges Navigate New Market Crosscurrents

Faced with the mighty power of U.S. and Japanese securities markets outside the European Community and EC Commission plans to free investment services, Europe's stock exchanges and finance ministries continue fighting over who should dominate the Continent's emerging marketplace for financial securities and how deals should be regulated.

At the heart of these turbulent crosscurrents, EC commissioners and Brussels bureaucrats are struggling to steer their controversial draft directive on investment services toward the calmer waters of compromise. "It is probably now too late for the directive to be adopted in time for it to enter into force in the member states by Jan. 1, 1993," admits a Commission official in Brussels. "However, we are still hopeful that this measure, together with a related and less controversial directive concerning capital adequacy of investment firms, will be agreed on by mid-1992."

Modeled originally on similar Community legislation in the banking sector, the draft aims at giving securities traders and other intermediaries the right to operate throughout the EC as soon as they have been licensed by their home authorities.

British players would particularly welcome such a freedom, and the British government has been lending strong support to this basic approach. The London securities markets already handle around 40 percent of Europe's deals, and the City is also the center for the international bonds and loans trading known as the Euromarkets. Germany, Denmark and the Netherlands — the last of which currently holds the EC presidency — have, to varying degrees, also been expressing agreement with the main principle of the proposed directive.

France, Spain and Italy, on the other hand, are anxious to keep as much business as possible within the tightly supervised trading systems provided by national stock exchanges. They are calling for major amendments to the draft. One key point would be to require securities intermediaries to register subsidiaries in each country where they wanted to carry on business. This would not prevent firms with multinational pretensions and capabilities from functioning across the Community, but it would safeguard each country's individual regulatory powers. It would also oblige firms to invest separate capital deposits in each country they intend to operate in.

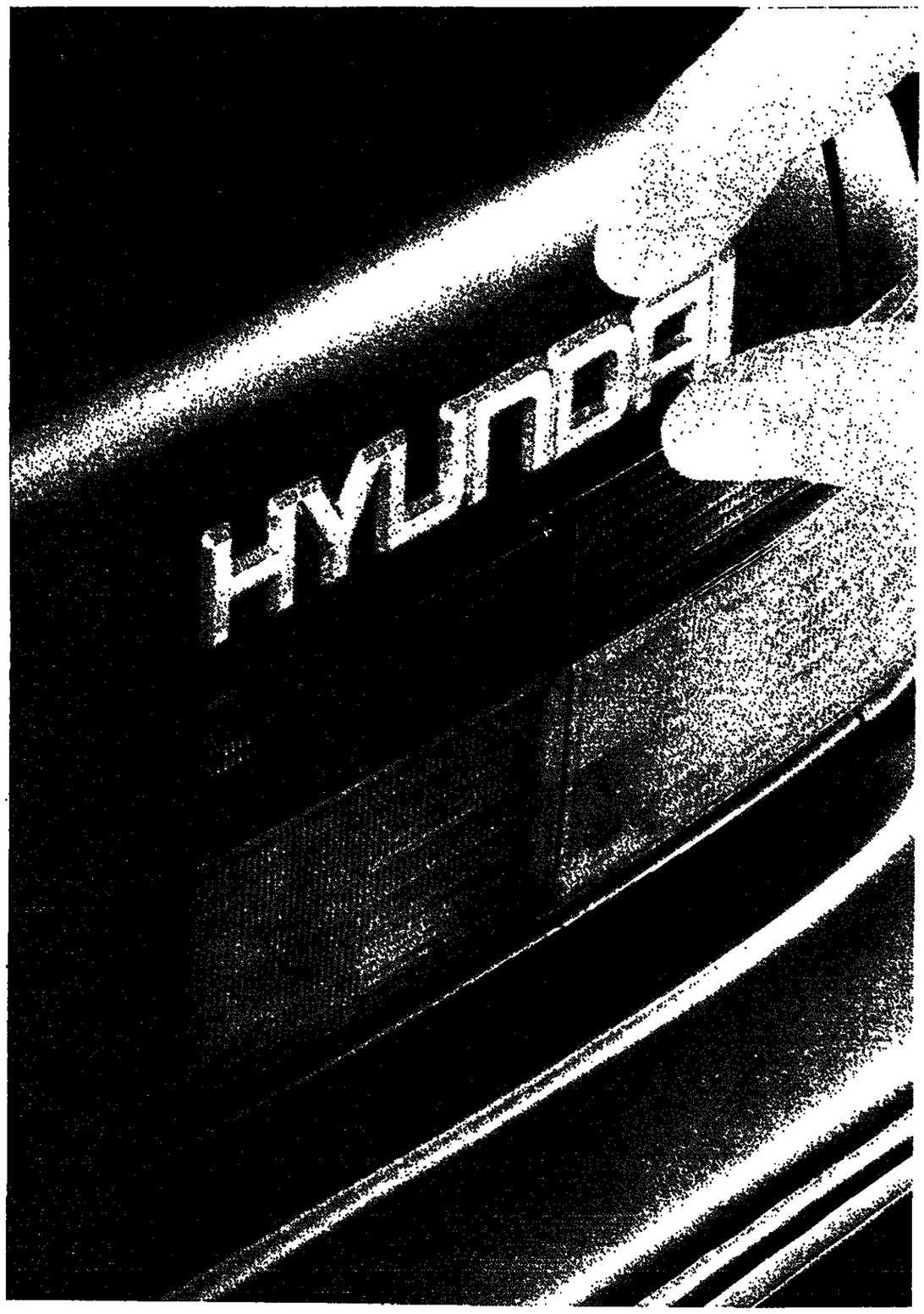
A few years back, such resistance could have been put down to a simple desire to protect the monopolies of local stockbrokers from the storm winds of foreign competition. Today, this is no longer the case, and the reasons are more complicated. France and Spain have both legislated to phase out brokers' exclusive trading privileges. French markets in particular are now dominated by local and foreign banking groups and securities houses. As in London, both countries have also introduced automated trading systems.

"The desire of individual countries to preserve a significant role for their national exchanges once the single internal market swings into operation is certainly one major factor," comments a Brussels-based international official. A number of more technical issues also play a part. Strong centralized structures, for example, are more important in countries such as France, where the market procedures match buyers and sellers directly, than in places like London where large-scale buying and selling is carried out by position-taking middlemen known as market makers.

Against this background, it is hardly surprising that the members of the European Federation of Stock Exchanges have not yet agreed on a common position on the EC's program for investment services.

Whatever happens, some observers believe, Europe as a whole will never allow a single center to monopolize most of the trading. This, they argue, suggests that in the end, the largest exchanges will be forced to look at ways of cooperating, leaving the smaller ones to find niche activities in order to survive.

Michael Rowe

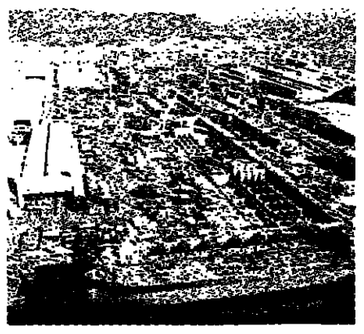


IF YOU THINK
WE MAKE ONLY CARS,
YOU'RE 21% CORRECT.

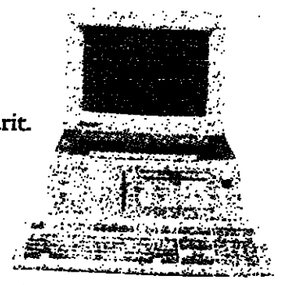
You probably think of Hyundai as the maker of world-class, high quality, affordable motor cars—and you're right. But Hyundai Motor only represents approximately 21% of the Hyundai Business Group worldwide.



Originating 44 years ago as a small contractor, Hyundai has rapidly expanded to become one of the international giants in engineering and construction with over US$20 billion of overseas contracts, the builder and operator of a shipyard with the largest ship tonnage in the world, and the largest producer of automobiles in Korea.



In addition, Hyundai is leading the way in the manufacture of computers, semiconductors, telecommunication systems, heavy equipment, rolling stock, machinery and petrochemicals.



Hyundai's latest venture to develop the natural resources of Siberia is an illustration of its pioneering and innovative spirit.



In fact, corporate depth and diversity is one of the reasons why Hyundai has become a symbol of Korea's economic success. Join with us in Korea or around the world as we bring the challenge of tomorrow closer today.

HYUNDAI
K P O Box 92 Seoul Korea Tel: (02)746-1873
Tlx K23175/7 Fax (02)741-2341

1992 The World's Newest Year: Then Europe

Banking, Finance and Insurance

Interview / Massimo Russo, Director for Europe, International Monetary Fund

IMF on Cash Flow, Currency, Commerce

Massimo Russo, director of the International Monetary Fund's European department, discussed monetary and economic trends in Europe with Axel Krause, corporate editor of the International Herald Tribune. The following are excerpts from the interview:

Will the world monetary system be changed by the emergence of three trading blocs — the Americas, Europe and Asia?

The trading blocs you mention do not necessarily mean three currencies. But it is difficult to answer this question very precisely, because a trading bloc can be good or bad. If the bloc has been created because of friction or strong political and commercial conflict between countries, it is a bad thing. If, on the other hand, the bloc is trying to unite countries with the goal being integration and elimination of barriers that would otherwise not be eliminated, it is a good thing.

What happens if the Uruguay Round of the GATT talks to further reduce trade barriers fails?

It could mean conflict. Fears about the emergence of trading blocs reflect a concern that Europe and North America might adopt a fortress mentality, which could then encourage Japan and other Asian countries to form a defensive trading bloc. This situation would be more inward-looking than the one now.

Are you then suggesting that the EC's proposed European Monetary Union is inherently different from what is happening in the Americas and in Asia?

Yes. EMU has nothing to do with a trading bloc as such, because it has a much wider goal — political union. The single-currency goal is only part of that process. But it is also true that with EMU you will have another currency that can play an international role, like the Deutsche mark is playing, but with a much bigger area behind it.

How would you characterize the desired effect of EMU on economic and trade policy?

Trading relationships may benefit, because fewer currencies will mean lower transaction costs in international trade. More important, the drive toward monetary union has already had a favorable influence on macroeconomic policy. It has facilitated convergence at lower overall inflation rates and sharpened incentives for responsible fiscal and monetary policies.

Yes, but Germany and the Netherlands have insisted that convergence of fiscal and monetary policy be a prerequisite. In light of high budget deficits in some member countries, do you agree?

Yes, a monetary union must have this to survive. But this must be seen not in terms of coordinating day-to-day policy, but in terms of sustainable positions. Are countries with high budget deficits and needs to finance those deficits going to impose too big a burden on the whole financial market of Europe? There will have to be convergence and conviction that the new structure is sustainable.



There are economists who believe Europe will grow faster than the United States in the next several years. Do you agree?

This certainly has been the case in the past few years. But why not in the future? There will be moments when Europe will grow faster; there will be moments when the United States will grow faster. In terms of potential growth, I don't believe the rates will turn out much differently.

What impact do you feel the 1992 single market program has made on the Community's economic growth?

A very positive one. Particularly, it has an impact on business investment and in building Europe's confidence with the elimination of barriers. But it is still happening only slowly. The single market is not just one date — Jan. 1, 1993 — because the EC will be continuing with the program after that date. So many sectors are gearing and opening up — automobiles, banking, insurance — that any guess [on GNP impact] is good. Why should I make mine?

Claudia Flisi is a business writer based in Milan and Monte Carlo.
Axel Krause is corporate editor of the International Herald Tribune.
Colleen O'Connor is a free-lance journalist based in Cologne.
Michael Rowe is a Paris-based financial and business writer.
Terry Swartzberg is a Munich-based free-lance journalist.
Ellen Wallace is a free-lance journalist based in Switzerland.

Monetary Union / Getting There

Treaty Signing Is Predicted

Continued from Page 7

solving their independent sterling into a common European currency. As for the argument over the start of the European central bank, it was decided that a European Monetary Institute — suggested in the Dutch proposal — would be established during the transitional stage.

Some financial analysts, however, warn that the EMI is not much different from the current committee of EC central bank governors — essentially without real power.

Said a spokesman for the Association for Monetary Union immediately after the Dutch proposal that argued for postponing the central bank: "We certainly regret that things are now being discussed in such a way that we would miss strong guidelines in the interim period, which would help bring member countries to a convergence."

Mr. Delors has also warned against making the EMI merely a "figleaf" for the current status quo of the central-bank governors' committee.

The third point of contention, that of strict criteria for economic convergence, is still in place. As an EC spokesman says, "Everyone knows that only countries with common political and economic conversions can join in an irrevocable currency."

With so much attention focused on avoiding a two-speed Europe, little time has been spent so far on the details of the new currency itself — which could save up to $25 billion annually in exchange transactions.

Financial analysts are starting to jockey over hard Ecus versus basket Ecus, but the general European public seems already decided: a recent poll found that 61 percent favored replacing their national money with Ecus within six years.

Colleen O'Connor

Insurance / Not What It Used to Be

The Dividing Line Blurs

Continued from Page 7

companies will lose market share ranging from five points in Germany and Switzerland to 27 points in Belgium and 30 in Britain. The predictions are similar for the life category.

Along with increased competition and access to information, the buyer of insurance products is demanding more choice and better quality at an attractive price.

Finally, there is the element of deregulation, not only at the national level but Europe-wide. In November of last year, the Council of the EC Commission adopted two directives to deregulate specific sectors of business insurance. This follows a liberalization of large-risk policy purchases by businesses earlier in 1990.

Currently under discussion is a proposal for a directive on the annual accounts of insurance companies, which would also lay down rules as to the calculation and definition of technical provisions in nonlife insurance.

This autumn, final adoption is expected of a directive to create an insurance committee, which will begin functioning in 1993. The committee, composed of high-level representatives of the supervisory authorities of the member states, will serve the Commission in an advisory capacity. Humbert Drabbe, head of the European Community's insurance division, emphasizes the importance of this new body "in view of the despecialization between insurance companies, banks and securities houses, and the appearance of financial conglomerates and new distribution channels."

Mr. Drabbe sees the main issue in insurance deregulation as the reconciliation of adequate protection for policyholders and third parties with the widest possible competition. The Commission wants to minimize risk while maximizing product innovation and diversity.

For banks as well as brokers, this direction is positive. Surveys show that customers view banks as reliable, low-risk providers of a range of financial services; insurance companies may take comfort in the fact that banking views the nonlife segment as relatively unattractive, requiring specialized personnel to sell and service.

In the majority of cases to date, banks and insurers have opted for classic joint ventures rather than direct competition. The Salomon Brothers study foresees the continuation of this strategy.

Claudia Flisi

YOU WANT TO SPEAK GERMAN, SPEAK TO US FIRST!



155 CULTURAL INSTITUTES IN 73 COUNTRIES.
16 INSTITUTES IN GERMANY.
100.000 STUDENTS PER YEAR.

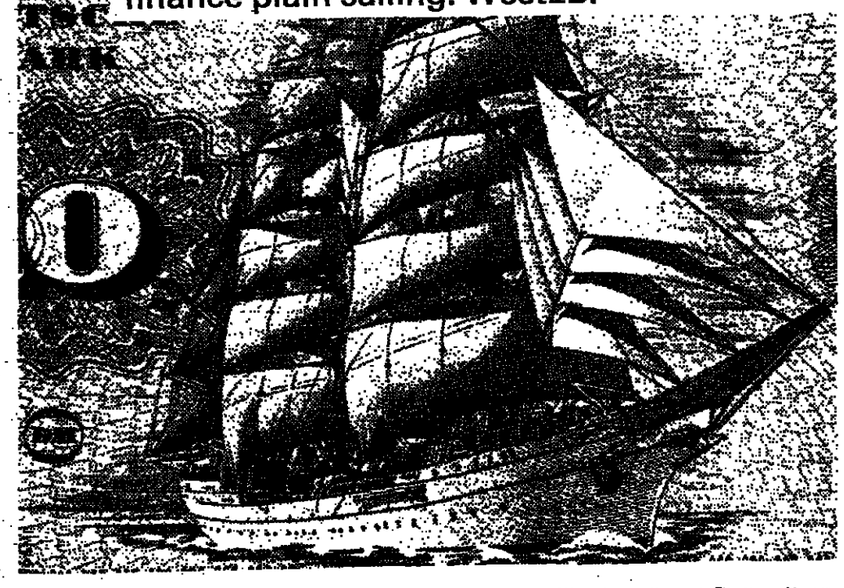
PLEASE SEND ME FREE DETAILS OF YOUR LANGUAGE COURSES IN GERMANY OR IN

COUNTRY
NAME
ADRESS

GOETHE-INSTITUT
BALANSTRASSE 57
8000 MÜNCHEN 90
TEL.: 089-41868-0
TELEX: 522940
FAX: 089-41868-450

IHT 5/91

Introducing the German bank that makes international finance plain sailing: WestLB.



An experienced wholesale bank, WestLB is your reliable partner for international finance.

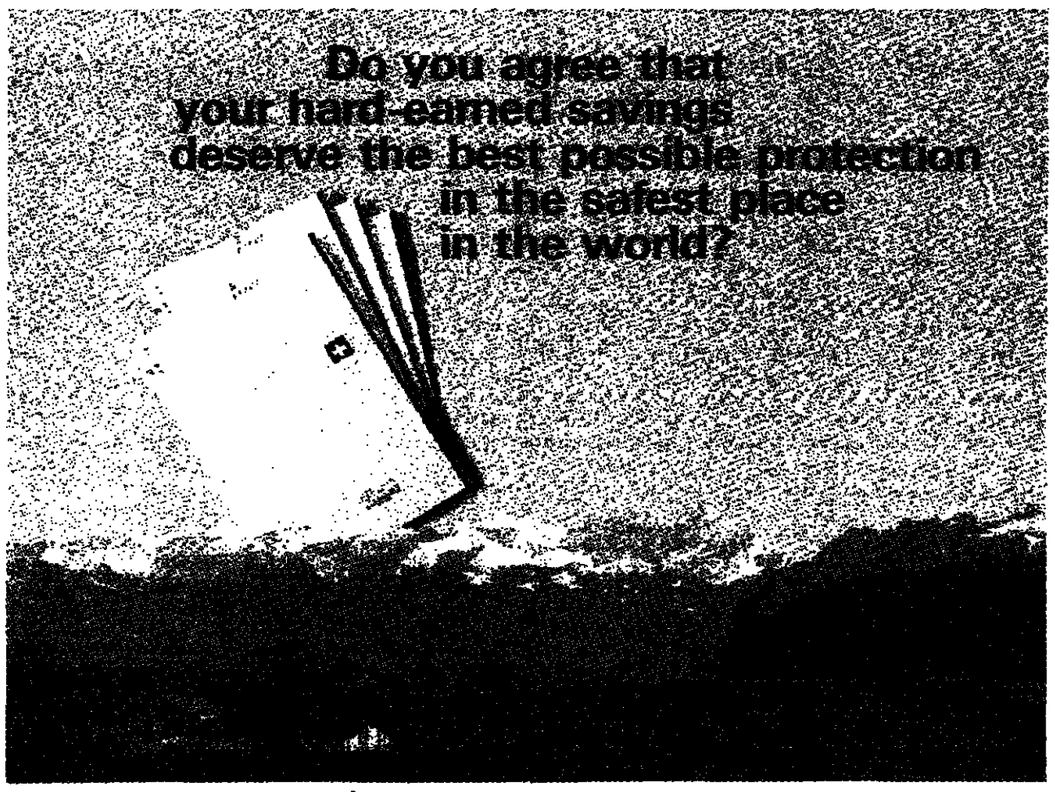
20 years of experience in Corporate Finance, the solidity of a state bank and the leading role played by WestLB. On this sound foundation, WestLB successfully combines classical products with innovative solutions, applying the right mix of state-of-the-art technology and personal creativity. That's why WestLB rightfully belongs at the top of your shortlist – from Corporate Finance and Investment Banking to Treasury. And with a global network stretching from Düsseldorf to New York and from Tokyo to London, WestLB is perfectly positioned to set your international finance operations on the right course.

Head Office: Düsseldorf

Branches, subsidiaries or representative offices in 16 European countries as well as in Beijing, Hong Kong, Melbourne, New York, Osaka, Rio de Janeiro, Tokyo, Toronto.



WestLB
The Westdeutsche Landesbank



Take advantage of your stay in Switzerland to purchase your own SWISS SPACE and simultaneously open your personal bank account with a Swiss bank.
The SWISS SPACE kit has what you need to acquire a Swiss-franc income, with guaranteed interest and dividends, free of Swiss taxes.
Consult your financial adviser or write to «La Suisse» for further information.

If you are already homeward bound you can request further information by completing and mailing the attached coupon as a SWISS SPACE contract may also be concluded by correspondence

SWISS SPACE: The safe heart of a diversified investment portfolio

American Express Mastercards and Visa accepted

PLEASE SEND ME THE SWISS SPACE INVESTMENT KIT (WITHOUT ANY OBLIGATION ON MY PART):
In English en français en español auf deutsch
Name:
Address
Or mail your visiting card with this form to
«La Suisse», Foreign Department, 13, avenue de Rumine
CH-1005 LAUSANNE Switzerland
Tél (-4121) 313 6000 Fax (-4121) 313 75 85

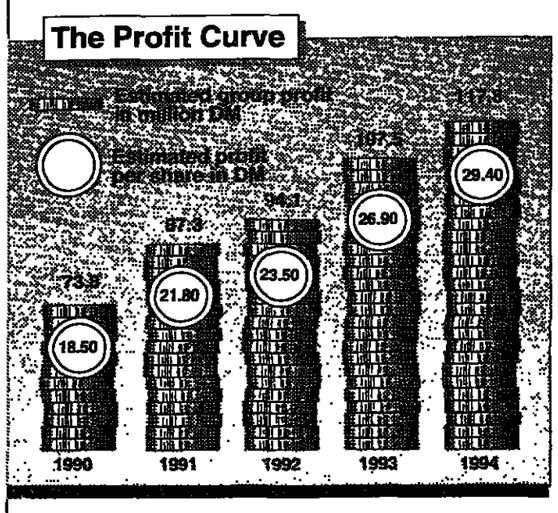
SWISS SPACE is a product designed for investment advisors and individual investors from

«La Suisse» Insurance
founded in 1858

Création: Bellaï/Arnaud for Business Route

ADVERTISING SECTION

VOLKSFÜRSORGE



Building on a Long and Popular Success

For Europe's financial community, Volksfürsorge has been, for nearly eight decades, one of those very large insurance groups whose doings helped determine the course of Europe's largest economy.

To most Germans, Volksfürsorge was part of the fabric of daily life: a rarely considered, reassuring symbol of low-key stability. "Seine Sorge, *Volksfürsorge*" counseled the company's jingle — "Don't worry, we have Volksfürsorge." Many Germans were happy to follow that advice.

The outward signs have not changed. The company's gracious Bauhaus-like headquarters on Hamburg's Alster waterway still look the same, as does its gold-and-white sunburst trademark. Nor has the roll call of impressive corporate facts suffered any radical change. Total life-insurance coverage by Volksfürsorge recently topped 100 billion Deutsche marks ($60 billion). The group recorded a 27-percent increase in new business last year, bringing its annual payments just below 4 billion DM. With 10 million policyholders, one out of every eight Germans is insured by the company.

Inside the organization, however, everything is new: the company's senior management, operating structure, ownership, corporate form, sales strategy and markets. In two years, Volksfürsorge has quietly revamped the entire company and successfully redefined its markets. Its transformation has important implications for Germany's financial-service sector and the international financial markets. The way this transformation was achieved may even presage the course of the economic unification of the two halves of the country.



Wolfgang Kaske, chairman of the boards of Volksfürsorge Holding AG and its two main subsidiaries.

Between the years 1968 and 1988, business increased sevenfold.

Today, the Volksfürsorge insurance group is comprised of a holding company, four subsidiaries — Volksfürsorge Deutsche Lebensversicherung AG (life insurance), Volksfürsorge Deutsche Sachversicherung AG (property, automobile, household and liability), AdvoCard Rechtsschutzversicherung AG (legal insurance) and Volksfürsorge Krankenversicherung AG (travel-accident compensation) — and a number of associates and other holdings, including the Badenia Bausparkasse building society. Since July 19 of this year, Volksfürsorge has been a joint stock company. The group's chairman is Wolfgang Kaske.

Volksfürsorge has a solid position in the world's insurance market. Three-quarters of its business is in the secure personal-endowment assurance segment, far removed from industrial insurance and its hundred-million-dollar damage claims. The group's clientele is among the world's most solvent and reliable — Germany's middle-class "mass market."

Eight decades ago, there was no mass life-insurance market in Germany. Insurance itself was something for the affluent and for the corporate sector. Thanks to Bismarck's parsimoniously calculated generosity, the working class had the bare rudiments of social security (in 1914, minimal old-age benefits were paid out starting at the age of 71), and that was all.

Henry Ford took a luxury item — the automobile — and made it an item of mass consumption. His formula was to lower the automobile's price through rigorous simplification and standardization. Germany's trade unions and cooperative organizations — which founded Volksfürsorge (literally translated: "people's assistance") — used a like approach in setting up a life-insurance fund for Germany's lower classes.

The founders dispensed with the hitherto obligatory physician's examination, which was beyond the reach of potential clients and unnecessary when dealing with such a large pool. Instead of the previous system of payments in large monthly chunks, the new insurance group introduced a low weekly pay-in plan, which fit into any worker's tight budget. Premium payouts were also low.

Germany's established insurance companies had refrained from taking on the working-class market simply because it was too costly. Each policyholder generated a certain amount of paperwork and other administrative costs, whether the policy in question was very large or very small. Further, payment collection in the pre-bank-account era was manpower-intensive and thus expensive.

After Volksfürsorge started business in the summer of 1913, thousands of high-minded volunteers swarmed throughout the country, signing up policyholders and then, every week, collecting their payments. These volunteers came from the trade unions, cooperative grocery stores, sports clubs, publishing houses and other entities of pre-World War I Germany's mighty socialist movement.

By August 1914, Volksfürsorge had over 163,000 policyholders. Thanks to its imaginative, tough-minded management, the insurance company survived, even flourished, during the war and the ensuing years of inflation and depression. By 1933, the group was Germany's largest in terms of numbers of policyholders. It had a property and liability insurance associate and was a major developer of low-cost housing and public-sector infrastructure.

But it had one major enemy. On May 2, 1933, after years of campaigning against Volksfürsorge and other popular elements of the socialist movement, the Nazis struck. The storm troopers raided Volksfürsorge's Hamburg office and forced the group's directors to agree to an expropriation by the Nazis' own insurance company. The group's directors were jailed and in many cases mistreated, and the Volksfürsorge story came to an end.

Or so it seemed at the time. One of the great features of the post-World War II era in Germany was how rapidly many of the organizations of the Weimar Republic — especially political parties — reconstituted themselves in the rubble of bombed-out cities and the racket of postwar Allied administrative restrictions. Insurance companies, especially Volksfürsorge, had an especially difficult task since their rates and payouts assumed decades of uninterrupted service.

On Sept. 16, 1947, the original founders produced a "new" Volksfürsorge. It quickly secured the loyalty of its former policyholders, successfully asserted itself against its Nazi-sponsored "successor" and managed, despite the draconian and effective currency reform of the following year, to get its business on a sound footing.

The "economic miracle" of the 1950s and '60s brought double-digit growth rates to the economy and a new, constitutionally mandated partnership between management and the work force. A Volkswagen in the garage, a Volksfürsorge life-insurance policy in the safe" — the decades also saw the rise of the insurance company to European prominence.

By 1968, the group had over 10 billion DM in insurance coverage, a figure that would become as much a German standard as the Christmas Lebkuchen and a new corporate structure. The Volksfürsorge group was formed, consisting of subsidiaries providing life, property and liability, and legal insurance. Accident compensation plans for leisure-time and vacations were added later.

Over the next two decades, Volksfürsorge experienced a dramatic sevenfold expansion in business while, paradoxically enough, losing its raison d'être: the working class, whose financial interests had been so successfully furthered by such institutions as Denmark's mutual mortgage banks, Britain's building societies and Sweden's commonly owned insurance companies, was gone. In its place, thanks in no small part to efforts by these mutual-action financial institutions, was a highly affluent middle class, one with loosening ties to trade-union movements and their commercial associates.

Life insurance itself had undergone a dramatic change. It was no longer simply financial compensation provided after the occurrence of a catastrophe, but an attractive investment plan for retirement. It was this change in perception that permitted Germany's insurance sector to overtake standard banking as a source of primary funds.

Volksfürsorge prospered along with the industry as a whole. Although its institutional ties were atrophying, decades of good service and attractive policies secured customer loyalty. By 1988, total life-insurance coverage had broken the 76 billion DM mark, and annual premium income had reached 2.7 billion DM.

Enter *Allfinanz* and the end of the classic insurance business in Germany. As its name would suggest, Allfinanz meant nothing less than an integration of all niches of the financial-services market, from classic banking through mortgage finance, investment trusts and securities brokerage to insurance in all its forms.

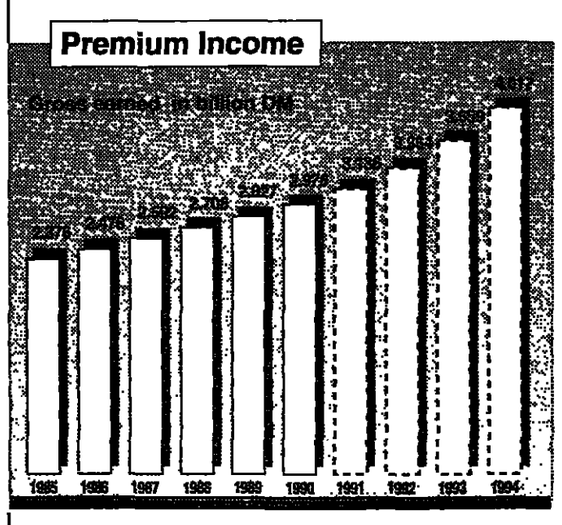
Shortly thereafter, the vague talk about a single European market in financial services became a looming reality. While optimists were extolling the advantages in lower costs and more flexible services the post-1992 world would bring, realists were pointing to the U.S. experience with deregulation. Rather than increasing the number of players in any given market, unbridled competition tends to set off wars of attrition, ones that companies without massive capital reserves and powerful backing cannot win.

The effect of Allfinanz and the coming single market was to trigger an incredible pace of takeovers and alliance-building in the German financial sector. While Germany's major insurers were recruiting allies (inside Germany, bank-insurance company linkups were most common; outside, the forging of insurance consortia), they were also seeking a formula that would free them from the tight restrictions on investment spread and operating areas imposed by governmental regulations.

The general holding company, in which individual insurance arms were held as subsidiaries, was the answer. Holding companies were free to concentrate investments and to take substantial (more than 10 percent) equity stakes in high-yield companies. Further, as joint-stock companies, it was easier for them to attract outside capital.

In 1988, BGAG, the trade unions' holding company, sold a controlling stake in Volksfürsorge to Germany's Aachener und Münchener group (one of the country's most aggressively expanding Allfinanz groups) and Italy's La Fondiaria insurance concern. Subsequently, Volksfürsorge Holding AG was set up and, in January 1989, the *board of directors partly reshuffled.*

Guided by its new team of insurance industry veterans, Volksfürsorge has flourished. Since 1988, total life insurance coverage has leapt from 76 billion DM to nearly 100 billion DM; the company now takes in over 4 billion DM annually in policy payments.



At a Glance

Volksfürsorge
Holding AG
An der Alster 57-63
D-2000 Hamburg 1
Tel.: (49 40) 28 65-0
Fax: (49 40) 28653369
Total sales force: 40,000 field representatives and staff, 3,200 full-time office personnel

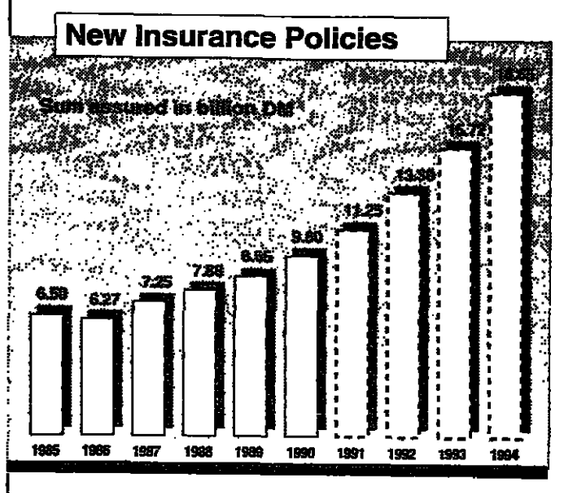
(figures in billions of DM)	1990	1989
Premium income	3.87	3.70
Capital investments	27.44	26.00
Life insurance coverage	92.56	87.24
New policies taken up (life only)	9.80	8.66
Total policies issued:	10 million	

Life Insurance
January-June 1991
Volksfürsorge Deutsche Lebensversicherung AG
New policies
Total amount (in DM) 3.69 billion (+33.6% over the same period in 1990)
Number of contracts 153,800 (+40.2%)
Premium income 1.55 billion (+5.9%)

Property, liability and automobile insurance
Volksfürsorge Deutsche Sachversicherung AG
New orders 533,500 (+214%)
Premium income (in DM) 597.2 million (+20%)
Gross claims paid out 276.7 million (-12.2%)

Leading shareholders:
AMB Aachener und Münchener Group, Gruppo Fondiaria, BGAG (Beteiligungsgesellschaft für Gemeinwirtschaft) group, individual shareholders (each 25%)





New Worlds to Conquer: Expansion in the East

Thanks to the pioneering efforts of such West German companies as Volksfürsorge, the East German services sector is thriving and leading a business upswing in the region.

It was a case of history doing a tolerable job of repeating itself. Once more Volksfürsorge was going to open up a new market by bringing insurance coverage to a group largely denied access to it in the past.

In 1913, the target group was Germany's working class; in 1990, all of Eastern Germany. In both cases, the sales force was recruited from local personnel.

There were, of course, significant differences. In 1913, the government and judicial apparatuses were positively unwelcoming to mutual action endeavors; in April 1990, when Volksfürsorge set up Volksfürsorge Deutsche Versicherungsvertretung GmbH (VDV) in Dresden, Eastern Germany's legal situation was merely unclear and highly confusing. More important, in 1913, Volksfürsorge was trying to introduce the principles of social democracy to a callous free-market economy. In 1990, in the wake of a discredited experiment in socialism, the company was offering thousands of East Germans an initial and, as it turned out, highly profitable lesson in entrepreneurship.

The physical buildup of Volksfürsorge's network in Eastern Germany has been impressive. After coping with missing telecommunications links and a lack of suitable, litigation-free commercial premises, the company now has almost 100 offices and information centers in the five new German states. Its on-line order and information network is rapidly being installed.

The results are even more striking. In some 13 months of operation, VDV recorded sales of over 1.6 billion Deutsche marks ($961.6 million) in life-insurance policies. The company placed its 150,000th contract for automobile insurance in late May.

Most significant was the company's recruitment of 400 full-time field staff members and 5,000 part-time agents. Their willingness to take on a new activity without having a base of current clientele to draw on provided a direct rebuttal to one of the current myths afflicting East-West German relations: that the *Ossis* (the slang term for East Germans) are without individual initiative. "West Germans don't care about the East" was another one. The willingness of top Volksfürsorge personnel to be seconded to the East put paid to that conventional wisdom.

The new Volksfürsorge offices in Eastern Germany, adorned with flowers, lace curtains and the whole selection of company information material, refute another East-West misconception: the West is the mentor in the field of business administration; the East is the stumbling apprentice. Sales in the East now make up 18 percent of all Volksfürsorge's new business; the market share held by the group in the East is some 40 percent higher than that of the West. Many of the innovations successfully inaugurated by East German personnel are now being transferred to the West.

Despite all these sharply calculated forays into late-20th-century marketing, Volksfürsorge remains faithful to its populist roots. VDV personnel in the East are inundated with counsel on everything from how to secure a government-backed home-improvement loan to the best ways to organize presentation folders.

Some 38 percent of all West German businesses, according to an early October poll in the Impulse financial monthly, now view the future with optimism. The figure for East German business — a sector that didn't exist two years ago, and which consists to a large extent of young, ambitious service companies — was 42 percent.

The People's Insurer Goes Public

Buoyant Growth Seen After Stock Flotation

Driving force of changes on the Continent and beyond, the German corporate world is opening up. Companies are increasingly following international accounting and reporting standards. Through a number of new entries to the country's stock markets, international investors are being given access to Germany's "central" companies.

It was a blue chip waiting to be discovered. For decades conservative business management had left the company with secure assets ranking — German real estate and commercial paper — and highly promising cash-flow figures. The company's premium income and new policy business were growing at double-digit rates.

On June 19,1991, 25 percent of Volksfürsorge — one million shares with a nominal value of 50 Deutsche marks ($30) and a purchase price of 450 DM each — were floated on the Hamburg, Düsseldorf, Berlin and Frankfurt stock exchanges. The purpose of this successful flotation was simple: to let Volksfürsorge go to the public.

Before the new management took over, Volksfürsorge, while growing, had not been keeping pace with the insurance industry as a whole. Generations of selling by the same groups of people to the same groups of people had bred a "sales monoculture," in the words of company executives. To attack this "market weakness," group Chairman Wolfgang Kaske says, "We have to invest in sales." The funds to finance these new sales channels would come from the flotation.

Volksfürsorge's field staff now features its regular corps of salaried and part-time representatives as well as a growing number of free-lance sales representatives and insurance brokers. In the life-insurance area alone, reports Hans Löffler, Volksfürsorge's director in charge of sales, the contribution from self-employed agents has risen from 1989's 100 million DM in new insurance policies to 1991's 811 million DM to 600 million DM for the first half of 1991 alone. These agents are now recording 40 percent of all sales — a figure that is bound to rise.

Paradoxically enough, it is Volksfürsorge's belated use of these agents that gives the group its greatest growth potential. Kaske reports that in Germany, some three-quarters of all insurance policies are sold by the self-employed. As Volksfürsorge approaches this industry-wide average, it will reap a "growth bonus."

Individuals form only part of the company's new sales channels. Volksfürsorge has also declared its willingness to take equity stakes in sales companies and to expand its good working relations with automobile clubs and other associations. It is strengthening its outreach to other branches of the financial-services sector, including banks, real-estate agencies and asset-advising firms.

Striking improvements have also been recorded by the company's existing field staff. In autumn 1990, an on-line customer service and agent consulting network was introduced. A sharply gradated incentives program, first successfully tested in Eastern Germany, was also implemented. The effects of these changes: a 70-percent increase in the size of the average life-insurance policy sold and a doubling of nonlife premium income.

For both groups of field personnel, representing Volksfürsorge has a number of built-in advantages. The company's base of existing contacts is vast — over 10 million people. There is almost no one in Germany who does not know the company and its slogan. Its degree of recognition — 97 percent of those surveyed — is the highest in the country. In times of upheaval, the company's somewhat conservative image is turning out to be a positive asset.

New sales methods were targeted at both the company itself and the outside world. By going public, Volksfürsorge has entered the cold-eyed world of international financial analysts, where psychological factors are less important than positive changes in percentage-point margins.

Finance chief Burkhard Pieper-von Aderkas recently had gratifying news for these oracles. The company's current average rate of return on investments is set to increase

The company has earned a name-recognition rate of 97 percent

from 7.09 percent in 1990 to 7.3 percent in 1991, and to rise even further after that. Administrative costs, a key figure in the life insurance sector and once some 13 percent higher than the industry average, are now virtually at standard levels.

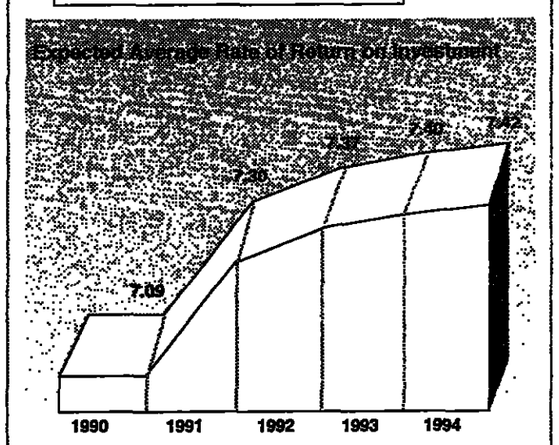
The combined effect of lower costs and higher investment return, harnessed to the sparkling increases in new policies secured and overall premium income, has been a nearly 33-percent increase in gross operating margin in the life-insurance sector in 1991 alone, most interestingly for the earnings-obsessed international financial community, a rise in profits from 18.5 DM per share in 1990 to 21.8 DM in 1991. If all goes according to plan, by 1994, profits will have risen some 60 percent over a five-year period.

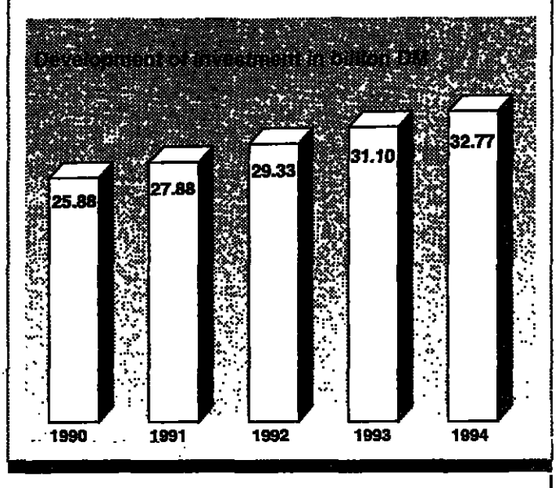
Another audience expectantly awaiting the changes ushered in by Volksfürsorge's stock-market flotation was a hybrid group of real-estate developers, financial executives at Germany's major companies and bond sellers. As one of Germany's major institutional investors, Volksfürsorge would have an important influence on their search for capital and credit.

As widely expected, Volksfürsorge's financial managers are availing themselves of their new corporate "freedom" by stocking the group's shares and fixed-interest securities portfolio (to 35 percent of total investments, counting securities funds), switching from residential to commercial real estate and reducing the share of borrower's notes down to 42 percent of overall investments.

Add in the fact that Volksfürsorge's total investments are set to grow by 5 billion DM over the next three years, and it is easy to see what an impact this shift will have on the country's shares and securities markets.

Investment Growth





Who's Who in the Volksfürsorge Group



Hans Löffler, director in charge of sales.

Since January 1989, **Wolfgang Kaske** has been serving as chairman of the boards of Volksfürsorge Holding AG and its two main subsidiaries. Born in Königsberg in 1931, Mr. Kaske earned a doctorate in law. After practicing as an attorney, he entered the insurance sector in 1961, serving as head of Central Krankenversicherung AG. In 1984, he was named chairman of the board of this medical insurer.

Paul B. Hagelschuer is vice chairman of the board. After earning a doctorate in economics, Mr. Hagelschuer began his career in insurance in 1971. From 1976 to 1989, he was a member of the board of directors and chief actuary of Aachener und Münchener Lebensversicherung AG.

Walter Schwicklart, vice chairman of the board, was appointed in 1967 to the board of directors of the property and liability arm of the group and late in 1978 to the board of directors of the life insurance group. Since 1984 he has been vice chairman of both subsidiaries.

Helmut Gies was the chairman of the AMB Aachener und Münchener group and the architect of its rise to the forefront of German finance. He is now chairman of the supervisory boards of AMB, Volksfürsorge Holding and the latter's two main subsidiaries.

Burkhard Pieper-von Aderkas has administered the 28-billion-Deutschemark ($16-billion) investment portfolio of the Volksfürsorge group since Jan. 1, 1991. Mr. Pieper-von Aderkas, 49, earned a degree in law. His career in the field of German insurance spans two decades.

Hans Löffler has presided over the restructuring of Volksfürsorge's field and order procurement staff since January 1990. After having received a doctorate in business administration, Mr. Löffler, 41, first entered the insurance sector as a sales representative. Before coming to Volksfürsorge, he occupied a similar position at another insurance company.

Manfred W. Wetzmüller was appointed on Jan. 1, 1990 to manage the taxes, auditing, accounting and administration portfolios. A native of Berlin, he earned a degree in economics, then joined an auditing and tax-advising company in 1970. After qualifying as a tax accountant in 1977, Mr. Wetzmüller was recruited by the tax department of Frankfurt's BfG:Bank. From 1981 to 1989, he was director of the BGAG group.

Fritz Völker is responsible for personnel, human affairs and internal administration in the Volksfürsorge group. He was appointed to the group's main boards on July 1, 1991, capping a 24-year career with the organization.

Maurizio Laverone is the newest and youngest member of the board of Volksfürsorge Holding AG. After having earned degrees in economics and business administration, Mr. Laverone worked in the banking sector. Prior to his appointment in September 1991, he held a position as head of the Düsseldorf regional office of Italy's Banca Nazionale del Lavoro.

Volksfürsorge Holding AG has a nominal capital of 200 million DM and holds, directly and indirectly, the equity of 5 subsidiaries and 12 associate companies. One of the most important is Badenia Bausparkasse AG, Germany's fourth-largest private building society.

Volksfürsorge Deutsche Lebensversicherung AG is Germany's third-largest provider of life insurance and is a 100-percent subsidiary. It holds 90 percent of group assets, provides nearly 100 billion DM in insurance coverage and has a nominal capital of 200 million DM.

Volksfürsorge Deutsche Sachversicherung AG was founded in 1925 and is a 99.9-percent group subsidiary. The company is Germany's second-largest provider of personal liability and household insurance. It has 1.7 million automobile and accident policies.

AdvoCard Rechtsschutzversicherung is a 50-percent group associate. It offers protection against legal costs and was originally founded in 1968.

Volksfürsorge Krankenversicherung AG is a 50-percent group associate. It was founded in 1981 and insures against travel-related accidents, an important segment of Germany's 49-billion-DM foreign-travel market.

Other subsidiaries and associates include the group's Ireland-based reinsurance arm, real-estate companies holding 9-billion-DM worth of property (according to an independent evaluation commissioned by Deutsche Gesellschaft für Anlageberatung GmbH) and the company supervising the group's field staff.

Coverage That Reflects the Needs of the 1990s

They bear the names "Super 3 Program," "Start Program" and "Leisure-Time Plus Cover." Marketed by Volksfürsorge's expert staff, these new policies provide an innovative kind of coverage: flexible in terms of protection and individual priorities.

Insurance policies provide security over time. The fact that insurance offers unvarying coverage spanning decades has always been its greatest attraction — and also often made it rather unwieldy. Young policyholders had one set of needs, older policyholders other concerns and aspirations.

In 1990, Volksfürsorge launched a range of insurance products that took these factors into account. Its "Super 3" policy handles the greatest concern of young families — the risk of sudden death and the ensuing financial catastrophe it would cause — while, at the same time, allowing them to begin to accumulate capital for their old age. This policy also has low premiums — an important feature for people just starting their careers and facing tight budgets, as does its "Start" policy, which is a protection kit aimed at young homeowners.

As European society grows more and more affluent, sports and hobbies take up more and more of the average person's time. Until recently, these high-energy, relatively high-risk leisure time activities were often not adequately covered by standard insurance policies. "Leisure-Time-Plus Cover" fills this gap. The AdvoCard handles another increasingly important aspect of today's competitive society — litigation. Cardholders have easy access to protection against unwarranted claims and the assurance that they can pursue their rights.

Offering Volksfürsorge's range of policies is a special sales force. Now 78 years old, it numbers 40,000. Its continuity in service is matched by the breadth of its geographical coverage: 155 offices, located throughout Germany and employing some 7,000 office and field staff members.

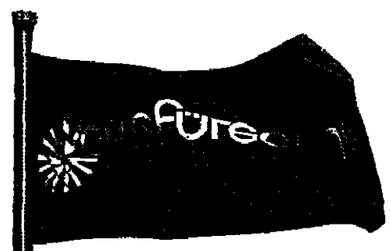
Unique to this staff is its blend of personal contacts and professional expertise. As Volksfürsorge draws heavily from local work forces and communities, many of its customers are friends and coworkers of their insurance consultants. As the same time, these consultants have been trained to offer information on much more than simple straightforward insurance coverage. They regularly advise their customers on such matters as mortgages and related savings programs, and tailor policies to reflect individual needs.

Increased outreach to new sales partners

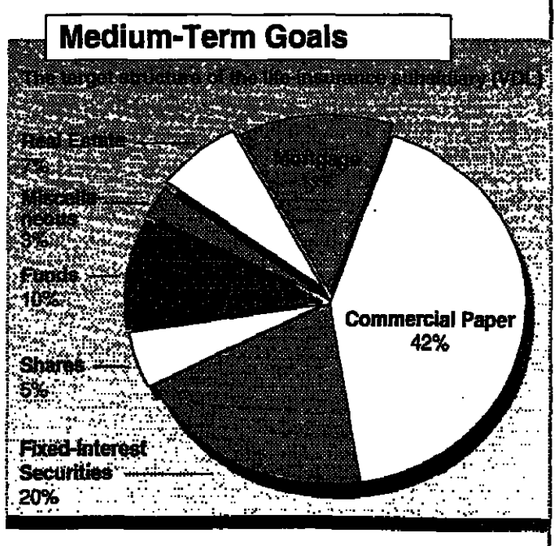
Parallel to this, Volksfürsorge has steadily introduced state-of-the art information gathering and retrieval systems, and increased its outreach to such new sales partners as real-estate agents, general insurance agents and sales companies.

Behind all of these innovations in policies and sales outlets is a fundamental change in the insurance market itself. Several events — each in and of itself vitally important — are occurring at the same time: the welding of the European Community's member countries' economies into a single market, the opening up of Eastern Europe and the reunification of Germany. The repercussions have fundamentally altered both the trading conditions and the customer base of the European insurance market.

Volksfürsorge knows where it is going. With a modern, open-minded and future-oriented management, with a competent office and field staff and a large customer potential, the outlook for steady growth is good. The Volksfürsorge group is firmly set on further upgrading its data-processing systems, raising investment return and, most important, creating new, even more attractive policies for its millions of customers.



Medium-Term Goals



This advertising section was written by Terry Swartzberg, a journalist based in Munich.

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 323 11 30. Prices may vary according to market conditions and other factors. Oct. 11

Dollar Straights

Issuer	Cpn	Mat	Price	Yld	Spd Trsy

Governments / Supranationals

AIDC	8¾	96	97½	8.95	+97
Asian Dev Bk	8	96	95¾	8.96	+99
Asian Dev Bk	8¾	96	98¾	8.96	+99
Australia	11	95	107¾	8.85	+93
Australia	11¼	95	110	8.83	+93
Australia	11¼	96	113¾	9.16	+114
Australia	11¾	97	119	9.29	+115
Austria Control	9¼	94	102¾	8.28	+51
Austria Control	9¼	96	109¾	8.78	+53
Austria Control	9¾	97	107¾	8.41	+51
Austria Control	8¼	00	101¾	8.56	+56
Austria Control	9¼	00	107¾	8.56	+56
Austria Control	9¾	00	107¾	10.50	+359
Austria Postsco	10¾	95	105¾	8.97	+113
Austria	10¾	96	107¾	8.97	+113
Austria	11¾	96	116¾	8.97	+113
Austria	11	97	115¾	9.12	+116
Austria	7¾	98	85¾	8.75	+56
Austria	11	98	119¾	9.06	+61
Austria	7¾	99	95¾	8.83	+68
Austria	11¾	99	121¾	9.19	+68
Austria	7¾	00	95¾	8.84	+68
Austria	11¾	00	121¾	9.19	+68
Austria	7¾	01	95¾	8.84	+68
Austria	11¾	01	121¾	9.19	+68
Austria	7¾	02	95¾	8.84	+68
Austria	11¾	02	121¾	9.19	+68
Austria	7¾	03	95¾	8.84	+68
Austria	11¾	03	121¾	9.19	+68
Austria	7¾	04	95¾	8.84	+68
Austria	11¾	04	121¾	9.19	+68
Austria	7¾	05	95¾	8.84	+68
Austria	11¾	05	121¾	9.19	+68
Austria	7¾	06	95¾	8.84	+68
Austria	11¾	06	121¾	9.19	+68
Austria	7¾	07	95¾	8.84	+68
Austria	11¾	07	121¾	9.19	+68
Austria	7¾	08	95¾	8.84	+68
Austria	11¾	08	121¾	9.19	+68
Austria	7¾	09	95¾	8.84	+68
Austria	11¾	09	121¾	9.19	+68
Austria	7¾	10	95¾	8.84	+68
Austria	11¾	10	121¾	9.19	+68
Austria	7¾	11	95¾	8.84	+68
Austria	11¾	11	121¾	9.19	+68
Austria	7¾	12	95¾	8.84	+68
Austria	11¾	12	121¾	9.19	+68
Austria	7¾	13	95¾	8.84	+68
Austria	11¾	13	121¾	9.19	+68
Austria	7¾	14	95¾	8.84	+68
Austria	11¾	14	121¾	9.19	+68
Austria	7¾	15	95¾	8.84	+68
Austria	11¾	15	121¾	9.19	+68
Austria	7¾	16	95¾	8.84	+68
Austria	11¾	16	121¾	9.19	+68
Austria	7¾	17	95¾	8.84	+68
Austria	11¾	17	121¾	9.19	+68
Austria	7¾	18	95¾	8.84	+68
Austria	11¾	18	121¾	9.19	+68
Austria	7¾	19	95¾	8.84	+68
Austria	11¾	19	121¾	9.19	+68
Austria	7¾	20	95¾	8.84	+68
Austria	11¾	20	121¾	9.19	+68
Austria	7¾	21	95¾	8.84	+68
Austria	11¾	21	121¾	9.19	+68
Austria	7¾	22	95¾	8.84	+68
Austria	11¾	22	121¾	9.19	+68
Austria	7¾	23	95¾	8.84	+68
Austria	11¾	23	121¾	9.19	+68
Austria	7¾	24	95¾	8.84	+68
Austria	11¾	24	121¾	9.19	+68
Austria	7¾	25	95¾	8.84	+68
Austria	11¾	25	121¾	9.19	+68
Austria	7¾	26	95¾	8.84	+68
Austria	11¾	26	121¾	9.19	+68
Austria	7¾	27	95¾	8.84	+68
Austria	11¾	27	121¾	9.19	+68
Austria	7¾	28	95¾	8.84	+68
Austria	11¾	28	121¾	9.19	+68
Austria	7¾	29	95¾	8.84	+68
Austria	11¾	29	121¾	9.19	+68
Austria	7¾	30	95¾	8.84	+68
Austria	11¾	30	121¾	9.19	+68
Austria	7¾	31	95¾	8.84	+68
Austria	11¾	31	121¾	9.19	+68
Austria	7¾	32	95¾	8.84	+68
Austria	11¾	32	121¾	9.19	+68
Austria	7¾	33	95¾	8.84	+68
Austria	11¾	33	121¾	9.19	+68
Austria	7¾	34	95¾	8.84	+68
Austria	11¾	34	121¾	9.19	+68
Austria	7¾	35	95¾	8.84	+68
Austria	11¾	35	121¾	9.19	+68
Austria	7¾	36	95¾	8.84	+68
Austria	11¾	36	121¾	9.19	+68
Austria	7¾	37	95¾	8.84	+68
Austria	11¾	37	121¾	9.19	+68
Austria	7¾	38	95¾	8.84	+68
Austria	11¾	38	121¾	9.19	+68
Austria	7¾	39	95¾	8.84	+68
Austria	11¾	39	121¾	9.19	+68
Austria	7¾	40	95¾	8.84	+68
Austria	11¾	40	121¾	9.19	+68
Austria	7¾	41	95¾	8.84	+68
Austria	11¾	41	121¾	9.19	+68
Austria	7¾	42	95¾	8.84	+68
Austria	11¾	42	121¾	9.19	+68
Austria	7¾	43	95¾	8.84	+68
Austria	11¾	43	121¾	9.19	+68
Austria	7¾	44	95¾	8.84	+68
Austria	11¾	44	121¾	9.19	+68
Austria	7¾	45	95¾	8.84	+68
Austria	11¾	45	121¾	9.19	+68
Austria	7¾	46	95¾	8.84	+68
Austria	11¾	46	121¾	9.19	+68
Austria	7¾	47	95¾	8.84	+68
Austria	11¾	47	121¾	9.19	+68
Austria	7¾	48	95¾	8.84	+68
Austria	11¾	48	121¾	9.19	+68
Austria	7¾	49	95¾	8.84	+68
Austria	11¾	49	121¾	9.19	+68
Austria	7¾	50	95¾	8.84	+68
Austria	11¾	50	121¾	9.19	+68
CAECL	11¾	97	108½	9.41	+131
CCCE	7¾	97	90¾	8.41	+131
CCCE	7¾	98	90¾	8.41	+131
CCCE	7¾	99	90¾	8.41	+131
CCCE	7¾	00	90¾	8.41	+131
CCCE	7¾	01	90¾	8.41	+131
CCCE	7¾	02	90¾	8.41	+131
CCCE	7¾	03	90¾	8.41	+131
CCCE	7¾	04	90¾	8.41	+131
CCCE	7¾	05	90¾	8.41	+131
CCCE	7¾	06	90¾	8.41	+131
CCCE	7¾	07	90¾	8.41	+131
CCCE	7¾	08	90¾	8.41	+131
CCCE	7¾	09	90¾	8.41	+131
CCCE	7¾	10	90¾	8.41	+131
CCCE	7¾	11	90¾	8.41	+131
CCCE	7¾	12	90¾	8.41	+131
CCCE	7¾	13	90¾	8.41	+131
CCCE	7¾	14	90¾	8.41	+131
CCCE	7¾	15	90¾	8.41	+131
CCCE	7¾	16	90¾	8.41	+131
CCCE	7¾	17	90¾	8.41	+131
CCCE	7¾	18	90¾	8.41	+131
CCCE	7¾	19	90¾	8.41	+131
CCCE	7¾	20	90¾	8.41	+131
CCCE	7¾	21	90¾	8.41	+131
CCCE	7¾	22	90¾	8.41	+131
CCCE	7¾	23	90¾	8.41	+131
CCCE	7¾	24	90¾	8.41	+131
CCCE	7¾	25	90¾	8.41	+131
CCCE	7¾	26	90¾	8.41	+131
CCCE	7¾	27	90¾	8.41	+131
CCCE	7¾	28	90¾	8.41	+131
CCCE	7¾	29	90¾	8.41	+131
CCCE	7¾	30	90¾	8.41	+131
CCCE	7¾	31	90¾	8.41	+131
CCCE	7¾	32	90¾	8.41	+131
CCCE	7¾	33	90¾	8.41	+131
CCCE	7¾	34	90¾	8.41	+131
CCCE	7¾	35	90¾	8.41	+131
CCCE	7¾	36	90¾	8.41	+131
CCCE	7¾	37	90¾	8.41	+131
CCCE	7¾	38	90¾	8.41	+131
CCCE	7¾	39	90¾	8.41	+131
CCCE	7¾	40	90¾	8.41	+131
CCCE	7¾	41	90¾	8.41	+131
CCCE	7¾	42	90¾	8.41	+131
CCCE	7¾	43	90¾	8.41	+131
CCCE	7¾	44	90¾	8.41	+131
CCCE	7¾	45	90¾	8.41	+131
CCCE	7¾	46	90¾	8.41	+131
CCCE	7¾	47	90¾	8.41	+131
CCCE	7¾	48	90¾	8.41	+131
CCCE	7¾	49	90¾	8.41	+131
CCCE	7¾	50	90¾	8.41	+131
CCCE Tr A	7¾	97	90¾	8.41	+131
CCCE	7¾	98	90¾	8.41	+131
CCCE	7¾	99	90¾	8.41	+131
CCCE	7¾	00	90¾	8.41	+131
CCCE	7¾	01	90¾	8.41	+131
CCCE	7¾	02	90¾	8.41	+131
CCCE	7¾	03	90¾	8.41	+131
CCCE	7¾	04	90¾	8.41	+131
CCCE	7¾	05	90¾	8.41	+131
CCCE	7¾	06	90¾	8.41	+131
CCCE	7¾	07	90¾	8.41	+131
CCCE	7¾	08	90¾	8.41	+131
CCCE	7¾	09	90¾	8.41	+131
CCCE	7¾	10	90¾	8.41	+131
CCCE	7¾	11	90¾	8.41	+131
CCCE	7¾	12	90¾	8.41	+131
CCCE	7¾	13	90¾	8.41	+131
CCCE	7¾	14	90¾	8.41	+131
CCCE	7¾	15	90¾	8.41	+131
CCCE	7¾	16	90¾	8.41	+131
CCCE	7¾	17	90¾	8.41	+131
CCCE	7¾	18	90¾	8.41	+131
CCCE	7¾	19	90¾	8.41	+131
CCCE	7¾	20	90¾	8.41	+131
CCCE	7¾	21	90¾	8.41	+131
CCCE	7¾	22	90¾	8.41	+131
CCCE	7¾	23	90¾	8.41	+131
CCCE	7¾	24	90¾	8.41	+131
CCCE	7¾	25	90¾	8.41	+131
CCCE	7¾	26	90¾	8.41	+131
CCCE	7¾	27	90¾	8.41	+131
CCCE	7¾	28	90¾	8.41	+131
CCCE	7¾	29	90¾	8.41	+131
CCCE	7¾	30	90¾	8.41	+131
CCCE	7¾	31	90¾	8.41	+131
CCCE	7¾	32	90¾	8.41	+131
CCCE	7¾	33	90¾	8.41	+131
CCCE	7¾	34	90¾	8.41	+131
CCCE	7¾	35	90¾	8.41	+131
CCCE	7¾	36	90¾	8.41	+131
CCCE	7¾	37	90¾	8.41	+131
CCCE	7¾	38	90¾	8.41	+131
CCCE	7¾	39	90¾	8.41	+131
CCCE	7¾	40	90¾	8.41	+131
CCCE	7¾	41	90¾	8.41	+131
CCCE	7¾	42	90¾	8.41	+131
CCCE	7¾	43	90¾	8.41	+131
CCCE	7¾	44	90¾	8.41	+131
CCCE	7¾	45	90¾	8.41	+131
CCCE	7¾	46	90¾	8.41	+131
CCCE	7¾	47	90¾	8.41	+131
CCCE	7¾	48	90¾	8.41	+131
CCCE	7¾	49	90¾	8.41	+131
CCCE	7¾	50	90¾	8.41	+131
CCCE Prin					
Canada Treas	8	96	95¾	8.41	+97
Canada Treas	8¾	96	98¾	8.41	+97
Council Europe	8¼	96	96¾	8.57	+83
Council Europe	8¾	96	100¾	8.57	+83
Council Europe	9¾	96	97¾	8.57	+83
CT Funder	7¾	96	90¾	8.19	+53
CT Funder	7¾	97	90¾	8.19	+53
CT Funder	8¾	96	103¾	8.98	+98
CT Natl	7¾	96	100	10.02	+51
Danish Exp Fin	10¾	95	107¾	8.57	+65
Denmark	8¼	96	100¾	8.71	+65
Denmark	8¾	96	103¾	8.71	+65
Denmark	9¾	96	107¾	8.71	+65
Denmark	7¾	97	97½	8.25	+57
Denmark	7¾	98	100	8.37	+57
ECSC	8¾	97	103¾	8.71	+116
ECSC	8¾	97	97½	8.25	+107
ECSC	8¾	98	100	8.37	+107
ECSC	8¾	98	100¾	8.37	+107
ECSC Tr A	8¾	98	100¾	8.37	+107
EDF	8¾	97	99¾	8.68	+64
EDF	8¾	98	102¾	8.68	+64
EDF	9¾	98	107¾	8.68	+64
EDF	7¾	99	89¾	9.30	+168
EDF	8¾	99	101¾	8.61	+65
EDF	9¾	99	107¾	8.61	+65
EDF	7¾	00	89¾	9.30	+168
EIB	8¾	97	103¾	8.61	+65
EIB	8¾	98	104¾	8.61	+65
EIB	9¾	98	110¾	8.61	+65
EIB	7¾	99	89¾	9.30	+168
EIB	8¾	99	101¾	8.61	+65
EIB	9¾	99	107¾	8.61	+65
EIB	7¾	00	89¾	9.30	+168
EIB	8¾	00	101¾	8.61	+65
EIB	9¾	00	107¾	8.61	+65
EIB	7¾	01	89¾	9.30	+168
EIB	8¾	01	101¾	8.61	+65
EIB	9¾	01	107¾	8.61	+65
EIB	7¾	02	89¾	9.30	+168
EIB	8¾	02	101¾	8.61	+65
EIB	9¾	02	107¾	8.61	+65
EIB	7¾	03	89¾	9.30	+168
EIB	8¾	03	101¾	8.61	+65
EIB	9¾	03	107¾	8.61	+65
EIB	7¾	04	89¾	9.30	+168
EIB	8¾	04	101¾	8.61	+65
EIB	9¾	04	107¾	8.61	+65
EIB	7¾	05	89¾	9.30	+168
EIB	8¾	05	101¾	8.61	+65
EIB	9¾	05	107¾	8.61	+65
Eurofima	8¾	96	99¾	8.57	+63
Eurofima	9¾	96	104¾	8.57	+63
Eurofima	7¾	97	94¾	8.01	+52
Exp Dev Corp	7¾	94	104	7.29	
Exp Dev Corp	8¾	94	104	7.29	
Exp Dev Corp	9¾	94	104	7.29	
Exp Dev Corp	9¾	95	98¾	8.90	+63
Exp Imp Jap	10¾	95	105¾	8.80	+92
Exp Imp Jap	9¾	95	100¾	8.80	+92
Exp Imp Jap	8¾	95	97	8.93	+88
Exp Imp Jap	8¾	96	97¾	8.93	+88
Exp Imp Jap	10¾	96	107¾	8.97	+93
Exp Imp Jap	9¾	96	94¼	8.77	+93
Exp Imp Jap	8¾	01	99¾	12.53	
Exportfin	9¾	96	107	9.48	+156
Exportfin	8¾	97	97¾	8.81	
Exportfin	8¾	98	95¾	8.81	
Finland	7¾	96	94¾	8.85	+68
Finland	8¾	96	98¾	8.85	+68
Finland	7¾	97	95	8.89	+68
Finland	8¾	97	97¾	8.89	+68
Gen Cap	11¾	95	109¾	8.61	+71
IADB	10¾	95	106¾	8.61	+71
IADB	8¾	96	95¾	8.56	+64
IADB	9¾	96	103¾	8.56	+64
IADB	8¾	97	97¾	8.51	+63
IADB	8¾	98	97¾	8.51	+63
IADB	8¾	99	97¾	8.51	+63
IFC	8¾	96	98¾	8.51	+63
IFC	8¾	97	97¾	8.51	+63
Ireland	7¾	96	94¾	8.57	+63
Ireland	8¾	96	98¾	8.57	+63
Italy	7¾	96	94¾	8.57	+63
Italy	8¾	96	98¾	8.57	+63
Italy	9¾	96	101¾	8.80	+66
Italy	7¾	97	92¾	8.84	+74
Italy	8¾	97	96¾	8.84	+74
Italy	9¾	97	99¾	10.23	+214
Jap Airl	10¾	98	105	9.38	+151
Jap Airl	11	97	106	9.75	+156

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
Jap Airl	12½	94	110¾	8.65	+72
Jap Airl	13¾	94	113¾	8.68	+89
Jap Airl	8¾	96	96¾	8.88	+89
Jap Airl	8	96	96¾	8.88	+89
Jap Airl	8¾	96	97	8.85	+89
Jap Dev Bk	10	96	105¾	8.85	+89
Jap Dev Bk	8	97	96¾	8.85	+89
Jap Dev Bk	8¾	96	101¾	8.85	+89
Jap Dev Bk	8¾	96	103¾	8.85	+89
Jap Dev Bk	8¾	96	100	8.85	+89
Jap Dev Bk	8¾	97	100¾	8.71	+87
Jap Dev Bk	8¾	97	100¾	8.71	+87
Jap Dev Bk	8¾	01	97¾	8.85	+89
Jap Fin Corp	9¾	95	102¾	8.85	+89
Jap Fin Corp	10¾	95	106¾	8.85	+89
Jap Fin Corp	7¾	96	90¾	8.85	+89
Jap Fin Corp	8¾	96	100¾	8.85	+89
Jap Fin Corp	9¾	96	104¾	8.85	+89
Jap Fin Corp	8¾	97	100¾	8.85	+89
Jap Fin Corp	9¾	97	104¾	8.85	+89
Jap Fin Corp	8¾	98	100¾	8.85	+89
Jap Fin Corp	9¾	98	104¾	8.85	+89
Jap Fin Corp	8¾	99	100¾	8.85	+89
Jap Fin Corp	9¾	99	104¾	8.85	+89
Jap Fin Corp	8¾	00	100¾	8.85	+89
Jap Fin Corp	9¾	00	104¾	8.85	+89
Jap Highway	7¾	96	92¾	8.85	+89
Jap Highway	8¾	96	96¾	8.85	+89
Jap Highway	7¾	97	90¾	8.85	+89
Jap Highway	8¾	97	94¾	8.85	+89
Jap Highway	7¾	98	90¾	8.85	+89
Jap Highway	8¾	98	94¾	8.85	+89
Kansai Int Air	9	96	98¾	8.53	+89
Kansai Int Air	9¾	96	102¾	8.53	+89
Kansai Int Air	8¾	97	94¾	8.53	+89
Kobe City	8¾	99	98¾	9.12	+88
Kobe City	9¾	99	102¾	9.12	+88
Malaysia	9¾	96	102¾	8.97	+113
Manitoba	12¾	94	116¾	8.97	+113
Manitoba	7¾	96	92¾	9.12	+116
Metro Tokyo	10¾	94	112	8.75	+61
Metro Tokyo	9¾	95	105	8.83	+61
Metro Tokyo	9¾	96	103¾	8.83	+61
Metro Tokyo	9¾	96	103¾	8.83	+61
Metro Tokyo	9¾	97	103¾	8.83	+61
N Brunswick	8¾	96	96¾	9.23	+127
New Zealand	9	96	101¾	8.89	+77
New Zealand	8¾	97	98¾	8.81	+154
New Zealand B	10¾	00	104¾	9.81	+154
Newfoundland	11¾	95	107¾	9.18	+131
Nfld T&T	9¾	95	100¾	8.79	+89
Nover Vereinsbk	9¾	96	99.050	8.84	+90
Oca Lavora	10	95	102¾	8.94	+126
Oca Lavora	10	95	102¾	8.86	+148
Oca Lavora	10¾	95	103¾	8.86	+148
Ospedali Roma	9	96	98¾	8.94	+127
Pk China (Rep)	10	95	98	10.25	
Pk Nova Scotia	9¾	96	100	8.36	+202
Pk Tokyo	10¾	95	104¾	9.22	+131
Pk Tokyo	9¾	96	101¾	9.22	+131
Pk Tokyo	8¾	96	97¾	8.98	+103
Pk Tokyo	9	98	95	9.78	+151
Pol (Cur) Hldg	10	96	101¾	9.61	+168
Pr Ferribas	7¾	96	90¾	8.65	+61
CNCA	7¾	96	77¾	8.65	+61
CNCA	8¾	96	100¾	8.65	+61
CNCA	7¾	96	94¾	8.74	+77
Qanaa	9¾	99	102	9.17	
Qatar	8¾	96	98	9.24	+163
Quebec	8¾	96	98¾	8.62	+61
Quebec	9¾	96	102¾	8.62	+61
Queensland	9¾	96	104¾	8.95	+65
Rprd Bk N Z	7¾	94	97½	8.71	+165
Rprd BK	7¾	96	94¾	8.71	+165
Saskatchewan	8¾	96	100¾	8.72	+57
Saskatchewan	9¾	96	103¾	8.72	+57
Sallie Mae	8¾	96	100	7.41	
Sallie Mae	8¾	96	99¾	7.41	+238
Sallie Mae	8¾	96	99¾	8.62	+57
Sallie Mae	8¾	96	100		

Herald Tribune INTERNATIONAL

BUSINESS/FINANCE

** MONDAY, OCTOBER 14, 1991

EUROBONDS

Investors Bet on Germany For Next Big Rate Move

By Carl Gewirtz
International Herald Tribune

PARIS — The Deutsche mark, long out of favor, is beginning to attract attention again as international bond investors take profits on dollar holdings and look for a new market to play. Bankers report customers are wary that the long decline in U.S. interest rates, and resulting rise in bond prices, is nearly over. They see European markets, led by Germany, as the next area likely to benefit from declining rates.

No one is suggesting that a drop in rates is imminent, but there is not much fear of an increase either. With long-term German rates at just over 8.50 percent and inflation around 4 percent, investors are comfortable earning a real return of 4.50 percent while they wait for rates to decline and bond prices to rise.

Higher-yielding European currencies are seen to carry higher risks.

While European bond markets led by Germany rallied last week, the U.S. market suffered a mid-week setback and then recovered after the government reported sluggish September retail sales, excluding autos, and very modest wholesale price inflation. The data reinforced views that the Federal Reserve is likely to ease interest rates at least once more to ensure that a recovery takes root.

This also caused a modest setback for the dollar, which had spent the week trying to break out of its narrow trading range of 1.66-1.70 DM. Despite a brief flurry over 1.70 DM, it ended trading near its weakest level of the week at 1.6885 DM.

Traders said the sell-off was exaggerated by dealers' wariness to hold any positions over the three-day weekend — U.S. markets are closed Monday — especially as the Group of Seven finance officials were meeting Saturday in Bangkok. In the event, that meeting produced no surprises for financial markets.

Portuguese, Spanish and Italian bonds offer even higher returns than those available in Germany, but bankers say clients are concerned about the high level of inflation in those countries and the possibility of devaluations in the run-up to the European Community's decision later this year on ways to strengthen the European currency unit.

NEVERTHELESS, THE WORLD BANK issued 500 billion lire of 10-year bonds carrying a coupon of 10.8 percent and its affiliate, the International Finance Corp., issued 11 billion escudos of five-year, 12 percent notes.

The Ecu also provides higher yields than available in Germany, but that market has been rattled by concern over how efforts to redefine the unit will alter its value. Only one small straight issue emerged last week — 100 million Ecus for BHF Finance.

Two Japanese companies, Mitsubishi Materials and Morinaga Milk Industries, launched equity-warrant issues denominated in Ecus in an effort to widen the European audience for this type of paper. Bankers noted that for the issuers, the yen cost of funds after swapping the proceeds is about equal to the 4 percent final cost if they had issued in U.S. dollars and swapped into yen.

French franc and sterling bonds also offer higher yields than the Deutsche mark, but both currencies are tarnished by upcoming elections.

Nevertheless, Compagnie Bancaire, which has already tapped the international market 12 times this year, met a good reception with its 1.25 billion French francs of 15-month notes. The paper carries a coupon of 12 percent but as interest is only paid at the end of 15 months the effective yield is 9.51 percent.

There is virtually no price risk on such short-dated paper and the terms were considered attractive — equal to the one-year interbank offered rate. By contrast, investors placing money in the interbank market would be paid the bid rate, which is a quarter percentage point lower.

Interfinance Crédit National also tapped the market seeking 750 million francs for two years, but terms were tighter and the reception less warm even though the total outstanding amount of this issue is now raised to 2.25 billion francs. The new paper was priced at 99.66, bearing a coupon of 9⅛ percent.

In the Deutsche mark market, yield-hungry investors were offered five-year notes from Turkey carrying a coupon of 10¾ percent that were priced at 101 — a yield pick-up of 2.3 percentage points more than comparably dated German government paper. As a result of heavy demand the issue was increased to 500 million DM from the 300 million.

ABN-Amro Bank got a lukewarm response to its 500 million DM of five-year notes because the terms were considered too aggressive — a coupon of 8½ percent and an offering price of 102, which lowered the yield to 8 percent at a time when German government bonds were yielding 8.6 percent.

In the dollar sector, bankers said demand remained robust — especially from U.S. offshore funds.

Alberta, a rare borrower, sold $1 billion of seven-year notes carrying a coupon of 7⅝ percent and offered at a modest discount

See BONDS, Page 15

CURRENCY RATES

Cross Rates Oct. 11

	$	£	DM	FF	Lire	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	3.670	99.825	28.5935	6.847	2.2562 *	16.227	—	23.53	0.2706	30.7225	23.58 *
Brussels	1.6947	2.307	—	6.2925	0.1338 *	0.8876	4.857 *	1.1425	1.2525 *	1.4895	1.383 *
Leyden (ec)	1.719	—	2.3698	9.5381	2.178.88	3.2838	59.935	2.5475	220.10	1.7428	183.69
Madrid	102.357	183.81	63.256	18.537	8.445 *	58.053	3.057	72.103	12.864 *	95.884	—
Milan	1.267.88	2.174.65	747.25	779.45	—	663.71	34.398	852.75	9.784	1,105.30	71.84
New York (ie)	—	1.7225 ¤	1.6885	5.784	1.265.80	1.5063	34.705	1.4795	135.53	1.2857	106.65
Paris	5.7468	9.7985	5.6875	—	8.4557 *	5.3245	32.925	4.658 *	5.521	5.2385 *	
Tokyo	130.50	222.40	76.59	22.5	0.1601	48.24	3.7495	37.65	—	113.59	1.2397
Toronto	1.1286	1.9428	0.6928	0.1769	0.0892 *	0.5924	3.229 *	0.7625	0.8798 *	—	1.058 *
Zurich	1.4775	2.5495	0.8856	0.2568 *	0.117 *	0.7766	4.2525 *	—	1.1415 *	1.3713	1.3967 *
1 ECU	1.3563	0.7936	2.0479	6.9771	1.530.66	2.3974	42.1774	1.7928	154.462	1.3469	129.238
1 SDR	1.3619	0.7959	2.3883	7.8553	1.714.17	2.6894	47.5092	2.0284	177.944	1.5526	146.362

Closings in Amsterdam, London and Zurich, fixings in other centers; New York closing rates and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	980.9	Greek drac.	188.15	Mex. peso	3058.51	S. Afr. rand	2.8225
Austral. $	1.2549	Hong Kong $	7.7425	N. Zealand $	1.7462	Soviet ruble*	0.5815
Austr. schil.	11.92	Indian rupee	25.84	Norw. krone	6.4325	Swed. krona	6.1725
Brazil cruz.	541.83	Indo. rupiah	1969.01	Phil. peso	25.94	Taiwan $	26.15
Chilean peso*	5.372	Irish £	0.6341	Port. escudo	148.58	Thai baht	25.49
Danish krone	6.535	Israeli shek.	2.3425	Saudi riyal	3.7497	Turkish lira	4773.00
Egypt. pound	3.3078	Kuwaiti dinar	0.2848	Sing. $	1.8925	UAE dirham	3.6727
Fin. markka	4.136	Malay. ring.	2.744	S. Kor. won	749.80	Venez. bolív.	60.05

New York rates unless marked " (local rate.)

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.7079	1.7037	1.6949	Canadian dollar	1.1328	1.1288	1.1376
Deutsche mark	1.7003	1.7061	1.7113	Japanese yen	129.96	130.10	130.14
Swiss franc	1.4847	1.4885	1.4917				

Source: ABN Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday.

Stock Indexes

United States	Oct. 11	Oct. 4	Chge
DJ Indus.	2,983.68	2,961.76	+0.74 %
DJ Util.	211.82	212.63	—0.38 %
DJ Trans.	1,217.12	1,187.59	+2.49 %
S & P 100	358.46	357.34	+0.31 %
S & P 500	381.43	381.25	+0.05 %
S & P Ind.	450.58	450.59	Unch. %
NYSE Cp.	210.87	210.22	—0.07 %
Britain			
FTSE 100	2,155.00	2,624.60	—2.65 %
FT 30	1,953.90	2,018.70	—3.21 %
Japan			
Nikkei 225	24,158.	24,597.	—1.78 %
Germany			
DAX	1,568.42	1,601.73	—2.08 %
Hong Kong			
Hang Seng	4,017.88	4,067.69	—1.22 %
World			
MSCIP	514.00	522.30	—1.59 %

World Index from Morgan Stanley Capital Int'l.

Money Rates

United States	Oct. 11	Oct. 4
Discount rate	5.00	5.00
Prime rate	8.00	8.00
Federal funds rate	4¼	4¼
Japan		
Discount	5½	5½
Call money	6⅝	6⅝
3-month interbank	6 7/16	6⅜
Germany		
Lombard	9¼	9¼
Call money	9.15	9.15
3-month interbank	9.25	9.35
Britain		
Bank base rate	11.00	11.00
Call money	10⅝	10⅝
3-month interbank	10 7/16	10 5/16

Gold	Oct. 11	Oct. 4	Chge
London p.m. fix $	357.75	356.30	+0.41 %

For Hills, Bilateral Deals Strengthen U.S. Hand at GATT

With the Uruguay round of global trade talks stalled since December, the United States is threatening to take unilateral action against China and other Asian nations that violate American trade laws. In Singapore, Carla A. Hills, the U.S. trade representative, discussed developments with Michael Richardson of the International Herald Tribune.

Q. What is the United States doing to inject new life into the Uruguay round?

A. We are meeting with world leaders and trying to heighten international public awareness about the importance of a successful conclusion to the round. But the United States does not have the power to complete the talks. There are 108 nations involved. Together they account for more than 90 percent of global trade. What we have to do is to unblock negotiations over agriculture.

Q. Can the United States improve on its offer?

A. We have indicated quite clearly that we are flexible. Our proposal was for a cut of about 75 percent in barriers to agricultural market access and in internal support, and 90 percent for export subsidies, all over 10 years.

These numbers could be negotiated. But there must be a willingness to deal with each of the three areas.

Q. Why is the issue of agriculture so important that its resolution has been made a condition for completing the whole round of negotiations?

A. It is certainly not a condition that the United States has imposed. We want to deal with agriculture. But so too do about 40 other countries that depend heavily on farming for exports and hard currency. If we do not deal with fundamental reform of agriculture and those 40 nations do not participate in the negotiations, we will not achieve our other objectives in protecting intellectual property rights, and having internationally agreed rules for services, foreign investment and manufactured goods.

•

Q. What is at stake, economically and politically?

A. If we can cut tariff and nontariff barriers by one-third in this round of trade talks, we could add some $5 trillion in growth to the world economy over a decade.

If we fail, we will put in jeopardy all the democracies that have emerged in Europe, Latin America and elsewhere in the last few years. If they don't find a way of engaging in the global trading system, their chance of making it as fully fledged democratic states will be far, far less. If they are to deliver on the promises they have made to their people, they must have market access.

Q. What are the chances of progress in the Uruguay round when European Community countries, particularly France, as well as Japan and South Korea appear to be politically hamstrung by powerful farm lobbies that refuse to accept major cuts in agricultural subsidies?

A. I am hopeful. The agricultural population in each of those three countries is a minority and agriculture makes only a small contribution to their GNP.

A study by the OECD shows that its members, the affluent nations of the world, are spending $300 billion a year to support and protect agriculture. That puts sound public policy on its ear.

Europe is in the midst of an internal review of the common agricultural policy for fiscal reasons of its own. That makes it

See HILLS, Page 15

Delors Sees A Europe Of 24 to 30

By Tom Redburn
International Herald Tribune

PARIS — After the summit this December at which the 12-nation European Community is to adopt a framework for political and economic union, the group should quickly hold a new meeting to prepare Europe for a wider Community of 24 to 30 nations, according to Jacques Delors, president of the EC Commission.

In the lead article for the forthcoming issue of Belvédère, a French magazine, Mr. Delors said the Community should postpone its response to demands for enlargement until after the Maastricht summit. But that does not mean Western Europe should ignore the East.

While the Community cannot afford to miss the opportunity this year to give itself a "political personality with more coherence, more speed of decision-making and more efficiency in action, it is necessary to . . . fix, even the day after Maastricht, a new political and institutional meeting to prepare a structure for 24 to 30 countries," Mr. Delors wrote.

As before, he urges EC political leaders to clearly set out the new areas of foreign policy, including defense, they are willing to place under the umbrella of the *Community. While supporting* qualified majority voting in such areas, Mr. Delors said at least eight of the 12 nations should be required to agree.

Mr. Delors also took a swipe at U.S. policymakers, who he suggested were hostile to a more unified Europe, including a confederation that would include Russia and other Soviet Union areas.

Separately, Mr. Delors said the EC must become a political superpower if it is to avoid the risk of breaking up in the future.

"A political superpower must emerge out of the dynamic economic and trading power that we already are," he told the German magazine Der Spiegel, Reuters reported from Bonn.

EC Agrees on an Energy Tax

Measure Held Crucial to Cap Carbon Dioxide Levels

Reuters

AMSTERDAM — European Community environment ministers have agreed the 12-nation bloc should introduce a hefty energy tax to slash carbon dioxide output and combat global warming.

"It's a turning point in environment policy. There was no objection whatsoever," Environment Commissioner Carlo Ripa di Meana said on Saturday after an informal ministerial meeting in Amsterdam.

Environment Minister Hans Alders of the Netherlands, who chaired the talks, said he expected ministers to give the green light for the EC Commission to draw up concrete legislative proposals in December.

All 12 ministers accepted the need for a tax, although there were differences on how it would work, Mr. Alders said. "There was some discussion on the level; not on whether there should be an energy tax," he said.

The Commission wants members to adopt an EC-wide tax equivalent to $3 on a barrel of oil from 1993, rising to $10 by the end of the century.

The tax, which would be the first to be levied across the Community, is central to a package of measures put forward by the Commission to enable the EC to meet its target of capping carbon dioxide output at 1990 levels by 2000.

It would translate into bigger domestic fuel bills, as well as pushing up costs for industry, but these higher prices would be offset by equivalent cuts in conventional taxes.

The Commission calculates that, when fully implemented, the tax could raise $60 billion a year.

Motorists would see only a 6 percent rise in prices for gasoline, since it is already heavily taxed, but industry's coal costs would jump by 58 percent.

The idea for a tax must also be endorsed by finance ministers but Mr. Ripa said they had raised no objections in principle during talks in Luxembourg last Monday.

He said that neither Britain, which in the past has expressed reservations about the EC's carbon dioxide target, nor Spain, which is concerned for the future of coal-dependent industry, had objected to the principle of a tax.

Ministers asked a working group to provide more details on the impact of different levels of tax on carbon dioxide emissions. But Mr. Ripa said there was no suggestion that a $10 tax was excessive and some states had called for an even higher level.

The Commission's suggestion that the tax be based 50 percent on the energy content of fuels and 50 percent on carbon content was attacked by Spain and Denmark as unfairly benefiting France's carbon-free nuclear power stations.

■ Clash on Sunday Work

EC social affairs ministers are set to clash in Luxembourg on Monday over whether Sunday working should be banned, Reuters reported from Brussels.

Four EC members — Denmark, Germany, Luxembourg and the Netherlands — will press for a Sunday working ban they have in their own countries in new legislation regulating working time throughout the Community.

The idea of a Sunday-working ban was not included in the EC Commission's original proposal, which seeks to impose a minimum resting time for all workers.

Baltic States to Form Single Market

Agence France-Presse

VILNIUS, Lithuania — The three newly independent Baltic states — Lithuania, Latvia and Estonia — have decided to create a single market.

The three are looking toward the European Free Trade Association as the Soviet economy disintegrates and the EC becomes a unified entity, top officials said Saturday. They have already decided to form a free-trade area exempt of customs duties.

The intention is that goods being transported between the three republics should not be subjected to any controls.

The countries "have the will to create a single market — we shall develop a process of integration" with the aim of establishing closer cooperation with EFTA, Prime Minister Gedimilas Vagnorius of Lithuania said. EFTA has seven members: Norway, Sweden, Finland, Iceland, Switzerland, Austria and Liechtenstein.

The Baltic states would "work in every field so as to achieve economic integration" which is as wide as possible, said Mehis Pilv, head of Estonia's economic foreign relations department. "We shall remain competitors in political terms, but we are determined to create a common market."

The three republics agreed that they should not be members of the new economic union that is being nurtured in the Soviet Union.

Each of the three countries has a substantial food and agriculture industry, but little in the way of light industry, energy and raw materials. They are to create national currencies in order to abandon the ruble.

Separately, a major stumbling block to an agreement between the 12 EC members and the seven of EFTA was lifted Saturday with the announcement of an agreement on Alpine transport.

Hanja Maij-Weggen, transport minister of the Netherlands, the current European president, announced that an agreement had been reached when she met with her counterparts from Austria, Rudolf Streicher, and Switzerland, Adolf Ogi.

Details of the pact were not disclosed. Switzerland and Austria had sought a reduction in the number of trucks crossing the Alps.

Soviet Oil: New Worry for West's Markets

By Carl Gewirtz
International Herald Tribune

PARIS — It remains a big "if" but analysts are beginning to get edgy about the possibility of a disruption in the supply of Soviet oil and gas and the effect it could have on the world economy and financial markets.

Concern about the reliability of supply from the world's largest oil producer — Soviet output is nearly 10 million barrels a day — is amplified by the fact that there is not much slack elsewhere to make up for any loss of Soviet exports.

Soviet production has fallen sharply in recent years as a result of aging equipment and poor management of its oil fields, and the increasing breakdown of the economy since the failed August coup has threatened to worsen the trend.

A Soviet official predicted last week that oil exports would average a lower-than-expected 1.9 million barrels a day this year. The Soviets also export natural gas in amounts equivalent to 1.8 million barrels of oil a day.

Production by the Organization of Petroleum Exporting Countries is estimated to be running at 90 percent of capacity.

Irene King, oil analyst for J.P. Morgan & Co. in New York, said the fear of a disruption in Soviet supplies is "the overwhelming factor" in pushing up the price of oil.

Since the failed coup nearly two months ago, North Sea Brent crude has risen 13 percent to $22.04 a barrel Friday from about $19.50.

How much would prices have to increase to abort the expected economic recoveries in North America and Britain and topple the industrialized countries into recession?

Mrs. King estimated that a rise of more than 20 percent — to around $25 a barrel — would be damaging. David C. Roche, Morgan Stanley's London-based analyst, put the threshhold at a 70 percent rise, to $34 or $35 a barrel.

"I *am very concerned* — much more worried than the consensus," Mr. Roche said. Although he does not expect $35 oil, he said "the chaotic scene in the Soviet Union raises fears" of a sustained increase in oil prices that pushes up inflation, drives up interest rates and causes securities prices to tumble.

Andres Drobny at Bankers Trust in London, said a sustained rise in oil prices would be very damaging for the United States "as it would erode already weak corporate profitability as well as reduce consumer spending power and raise the odds of a double-dip recession."

"A lurch back into recession would force the Federal Reserve to keep its easing bias despite the poorer inflation outlook," Mr. Drobny added. "None of this would be good for the Dow Jones stock average. If that were to crack, a new downwave in the dollar could emerge."

Jonathan Wilmot at Credit Suisse First Boston said he was "not overly excited" about the threat of higher oil prices. If they do jump, he said that "in today's environment of slow growth, a price shock would result in lower output and slower growth, not higher inflation."

Singapore Plan Calls for Drive To Match West

By Michael Richardson
International Herald Tribune

SINGAPORE — Singapore has decided to restructure its economy so that living standards meet or surpass those of leading Western nations in about 25 years, according to an official report released Sunday.

The plan, a response to signs that Singapore may lose its competitive edge, calls for accelerating the switch from labor-intensive to high-technology industries, upgrading the work force and opening the country's doors more widely to talented immigrants.

A summary of the document, called the Strategic Economic Plan, will be discussed Monday at a conference of government, union and private sector representatives.

Singapore's small size as an island-state of 626 square kilometers (240 square miles) with a population of only 3 million, combined with its success in almost doubling its output of goods and services over the last decade to $57 billion in 1990, have created new challenges for the economy.

"It is increasingly apparent that the economy is under strain from supply-side factors like labor shortages and low productivity growth," said Nicholas Kwan, an economist at Merrill Lynch & Co. here.

Employers complain that the tight labor market has caused wages to outstrip growth in productivity over the past few years.

Workers from other Asian countries with permits to stay in Singapore for no more than a few years now comprise about 20 percent of the work force of 1.3 million. The government says if the number of temporary foreign workers is increased it could cause social tensions.

After recovering from recession in 1985-86, Singapore's real gross domestic product increased by an average of more than 9.5 percent a year in the three years to 1990. Per capita GDP stood at $12,000 in 1990, higher than for some of the 24 mostly Western countries in the Organization of Economic Cooperation and Development.

The report, drawn up by a government-private sector task force, warned that some indicators of competitiveness suggested that Singapore faces the risk of another recession in the next few years.

But Mr. Kwan said real growth in Singapore was likely to ease from about 7 percent in 1991 to around 6 percent next year and in 1993, setting the stage for more rapid growth in the second half of 1993.

A spokesman for the government's Economic Development Board said eight strategies would be adopted to keep Singapore competitive, including:

- Developing export-oriented "clusters" of manufacturing and service industries. Among them are commodity trading, shipping, precision engineering, electronics, information technology, petrochemicals, finance, insurance and tourism. Singapore is already encouraging labor-intensive companies to automate or move to other countries where labor is cheaper.
- Raising general levels of basic education to promote innovation and technical competence, improving on-the-job training and increasing cooperation between unions, employers and the government.
- Accepting each year a net inflow of between 10,900 and 15,100 professional or skilled immigrants and their families. The development board spokesman said he expected a major source of immigrants would be Asians who had settled in the West but wanted to return to Asia.

Companies in Singapore will also be encouraged to invest overseas to overcome domestic constraints and to send their employees to work abroad for experience.

China Urges Major Effort To Save Grain

Agence France-Presse

HONG KONG — Prime Minister Li Peng called on the Chinese people to make extra efforts to save grain, China's official news agency Xinhua reported Sunday.

In a television speech, Mr. Li said that although China had basically solved the problem of feeding and clothing its 1.1 billion people, per capita grain output was still very low, *less than 400 kilograms (880* pounds) a year, Xinhua said.

He warned that population growth, increasing consumption and natural disasters have worsened the grain situation.

Meanwhile, the official People's Daily published a rare acknowledgment of hunger in poor areas and said China's grain consumption is "lower than the world average and enough only to solve the basic problem of food and shelter."

ADVERTISEMENT

GRAND METROPOLITAN p.l.c.
CDR's

The undersigned announces that as from 24 October 1991 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 44 of the CDRs Grand Metropolitan p.l.c., will be payable with Dfls. 13.59 per CDR, repr. 50 shares (re interim dividend for the period ended 30.09.1991 of 8,4p per share). Tax-credit Pst. 1,40 = Dfls. 4,58 per CDR. Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 10 October, 1991.

NIKKO EURO-YEN MONEY MARKET FUND

Fonds commun de Placement
Head Office : Luxembourg

Notice is hereby given to unitholders of NIKKO EURO-YEN MONEY MARKET FUND that the following alterations be made to the Management Regulations dated 24th September 1990:

1. Amendment of Article 1 paragraph (e) so as to read: The Custodian is Nikko Bank (Luxembourg) S.A.
2. Replacement of the last sentence of Article 4 paragraph (h) which will read:
"The Fund may take fixed interest bearing investments in other currencies up to a maximum amount of 25% of the Fund's net assets, on condition that they are backed by corresponding Yen forward exchange transactions. For the purpose of covering risks resulting from changes in interest rates it may sell interest rate futures contracts, sell call options or buy put options on interest rates where such contracts are dealt in on a regulated market, operating regularly and recognized and open to the public. For the same purpose it may enter into interest rate swaps on a mutual agreement basis with first class institutions specializing in such transactions.
The total commitment under interest rate futures and options contracts and interest rate swaps may not exceed the value of the Fund's assets to be hedged held in the currency corresponding to the contracts"."
3. Amendment of Article 4 paragraph (j) so as to add "money market instrument and" between "in" and "securities" and to replace in paragraph (2) "papers" with "instruments".
4. Amendment of Article 12 paragraph (a) which will read: "The Manager is entitled to a management fee payable quarterly in arrears at an annual rate of 0.55% (zero point fifty five percent) of the average daily total net assets of the Fund during the relevant quarter. This fee will be due and payable on the 15th day after the end of the relevant quarter."
5. Deletion in Article 12 paragraph (b) sub-paragraph (6) of the world "legal".
6. Replacement in Article 15 paragraph (d) of "fifteen days" with "five days".
7. Replacement in Article 21 paragraph of "The Nikko (Luxembourg) S.A. with "Nikko Bank (Luxembourg) S.A."

Copies of the Management Regulations as amended are available in full from Nikko Bank (Luxembourg) S.A., 16, Boulevard Royal, Luxembourg.

CREDISUEZ
INTERIM RESULTS

(Paris-October 4,1991) The Board of Directors of Credisuez, meeting on September 23, 1991 under the chairmanship of Bernard Egloff, reviewed the company's operations and consolidated financial statements for the six months ended June 30.

At the close of first-half 1991, Credisuez had total consolidated assets of FF 90.05 billion, up 8.5 % from June 30, 1990, while over the same period outstanding customer loans rose 12.5 % to FF 72.06 billion.

. Banque La Hénin reported consolidated first-half 1991 net income up 9.5 % to FF 66.5 million, whith outstanding loans increasing 17.5 % to FF 40.5 billion.

. Banque Sofinco's new-loan production was virtually flat in a contracting market, while loans outstanding on June 30, 1991 rose 7.9 % from their year-earlier level. Ongoing productivity gains nonetheless led to a 12 % increase in interim net income from continuing operations, to FF 85 million.

. Funds managed by Fimagest totaled FF 25 billion at the end of June. This figure is in line with the 1991's ambitious growth target and should enable a significant increase in full-year net earnings.

. Compagnie La Hénin Vie continued its strong upward trend. New premiums written rose 94 % from first-half 1990 to FF 792.6 million, suggesting substantial net income growth in 1991.

Interim revenues for the Credisuez Group advanced 2.5 % to FF 1.70 billion, while operating income increased 12.3 % to FF 252.5 million. Net income totaled FF 156.2 million, up 2.6 % from the first-half 1990 figure, which had included FF 27 million in exceptional income. Net income from continuing operations climbed 23.5 % to FF 155.1 million.

As of June 30, Credisuez's shareholders' equity amounted to FF 3.75 billion, of which two thirds was first-tier equity. Included is a FF 250 million advance from Compagnie de Suez on a forthcoming share-capital increase.

Standard & Poor's-Adef has given its AA- rating to Credisuez's June 1991 zero-coupon bond issue, based on the bank's strong positions in its specific markets and its status as a wholly-owned Compagnie de Suez subsidiary.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Oct. 11.

	Sales in 100s	High	Low	Close	Net Ch'ge		
A							
A&W Bd	40	1.4	9265	31½	27¼	27¾	—3⅝
ABS	32	1.2	10	9	10	+ ⅛	
ACC Cp	.16	1.4	694	11¾	11¼	11½	+ ⅛
ADC			3142	24¾	21½	24	+1½
AEL			76	5⅝	5⅝	5⅝	
AEP			84	13½	12	12	— ⅛
AESCo			2546	26¾	24	26	+ ⅛
ASK			2192	11⅞	11	11¼	— ⅛
AST s			19849	29¾	27½	28¾	
AamriH	.10	1.0	19	10¾	10¼	10¾	
AbleB			38	3⅞	3¾	3¾	
Abrams	.20	5.3	3	3¾	3¾	3¾	— ⅛
Accel	.24	2.9	57	8¼	7¾	8¼	
Acklin			3451	5¾	4⅝	5	
Acpto	.28	2.2	301	12¾	12¼	12½	+ ⅛
ACMT			1	10¼	10¼	10¼	+ ¼
Acmt o			370	8	8	8	+1½
AcmeS			1341	14	13¼	13¾	
AdiAR			1184	⅝	⅝	⅝	
Acxiom			523	16¾	15½	16¾	+ ⅛
AdacLb			7061	1⅞	1⅝	1⅞	
AdageS			21	7¾	6¾	7¾	
Adapt			11491	17¾	15½	16½	+ ⅛
Adinet s			744	9¾	9	9¼	+ ⅛
AdobSy	.16	.7	1972	23¼	21½	21½	—1¾
AdtranS	.32	.7	15244	22¾	20	20	—1¾
Adtec			98	2	1⅝	1⅞	
AdvRos			411	11	10½	10¾	+ ⅛
AdvCir s			694	8¾	8	8¼	+ ⅛
AdvLog			3026	12¼	9¾	12¼	+ ⅛
AdvMag s			131	16¾	15¾	16	+ ⅛
AdMkSv			4329	2⅝	2⅜	2⅝	+ ⅛
AdvPolv			2097	7	6½	7	
AdvPro			2028	8¼	7⅝	7¾	— ⅛
AdvSem			81	3½	3¼	3¼	
AdvTel			3411	16⅜	14¾	14⅝	+ ⅛
Advanta	.20	.7	3022	28¼	26¾	28¼	+ ⅛
AdvaSy			1653	18	17½	17¾	— ⅛
AegisG	.36e	3.8	5	6⅜	6⅜	6⅜	
Aegon	372	6.5	20	58¾	57⅜	57⅝	—1
AegisIn			419	3	2¾	2¾	
AerSys			71	⅞	¾	¾	
Aerovx			877	5⅝	4½	4⅝	— ⅛
AffBCo			165	⅝	⅝	⅝	
AffBnk	.48	1.8	912	23¼	22¼	22¾	— ⅛
AgSvcs			332	8	7¾	7¾	— ⅛
AgnicyR			5410	12½	11¾	12	+ ⅛
Agnico g	.20	4.6	1715	4⅜	3⅞	4⅜	+ ⅛
Agoura			1613	28¾	18¾	19¾	—1
Ahold	.42	1.8	231	43	42	42⅜	—1
Aicorp			1142	5¾	5⅜	5½	+ ⅛
AirWisc			1496	8¼	7¾	8	+ ⅛
AirBrk	.20	1.6	1896	12⅜	12	12¼	+ ⅛
Akorn	.03f		958	2½	1¾	2¼	+ ⅛
Akzo	1.37e	4.5	6009	30⅜	30½	30⅝	+ ⅛
Alchen	1.10	6.8	316	16¼	16	16¼	+ ⅛
Alkus			29390	42¾	34¾	37¾	—2⅛
AlexBr	.28	1.3	3547	23⅛	21½	21¾	—1⅜
AlexBld	.88	3.5	1779	26	24¾	25½	—1⅛
AlexEns			261	5	4½	4⅝	— ⅛
AlfaCo	.44	4.1	181	11	10	10¾	— ⅛
AlfaR			14717	9	7	8¾	+1
Alico	.15	.8	13	22	20	20	
Alkerm			4708	17½	14¾	16½	— ⅛
AllAm s			804	1⅝	⅝	⅝	
AllCity			1	5¾	5¾	5¾	
AlegW			730	4¾	4⅜	4⅜	— ⅛
AlmOrg	.40a	1.2	1	33¾	33¾	33¾	+ ⅛
AlmaPh			27497	24¾	22½	23½	—1
Alnant h			227	¾	⅝	⅝	
AldBk	.32	5.1	2	6¼	6¼	6¼	
AlkCap	1.36e	7.5	754	14¾	14	14½	
AlkCal	1.13e	7.8	1145	15¼	14½	14½	— ⅛
AldCi			2508	28	26¾	27	— ⅛
AldGo	.56	2.9	61	19¼	18¾	19	+ ⅛
AldRsh			4477	12¾	11¾	12¾	+ ⅛
AlldFn			671	13½	12¾	13⅜	+ ⅛
Alfwst			8294	5¾	5⅜	5⅜	— ⅛
Alostte	.32	2.5	34	12¾	11½	12¾	
AlsMic			55	2¾	2¾	2¾	
Alshsrl			3584	2¾	2½	2½	— ⅛
AlpLce			495	6¼	5¼	6	+ ⅛
AltaGld			675	⅝	⅝	⅝	
AltaHil			2159	11¾	11¼	11¾	+ ⅛
Altel			10	3¾	3¾	3¾	+ ⅛
Altera			23397	24¾	22¾	23¾	+1⅛
Alfron			135	5½	5	5½	
Amvest			81	2¾	2¼	2¼	
AmcorF	.56	3.6	391	16⅛	15¾	15¾	— ⅛
Amrkan	.56	4.6	75	12¼	12	12¼	
Amerbc			163	1¼	1¼	1¼	— ⅛
AFFM12	1.97e	28.1	7	7	7	7	
AFFF	1.50	7.3	484	21¼	20½	20½	
AmFPr	1.15	10.7	441	10¾	10¼	10¾	+ ⅛
AFTxE	1.00	12.7	616	8	7⅞	7⅞	+ ⅛
AFTxE2	1.28	17.7	61	7⅜	6⅞	7⅛	+ ⅛
AVIAWAI			3175	2¾	1⅞	1⅞	— ⅛
AmBco	1.00e	5.9	15	18½	17	17	
ABnkr	.60	3.7	2053	16½	16¼	16½	+ ⅛
AmBlad			713	12¼	11	11¾	+ ⅛
AmCity			1521	11	10¾	11	+ ⅛
ACom			1028	17¼	15¾	17	+ ⅛
AColoid	.44	4.5	142	10	9½	9¾	— ⅛
ACansu			237	3¾	3¾	3¾	
AmDrll			4619	14	11½	13¾	+1⅛
AmEcol			170	17¾	17¼	17¾	+ ⅛
AFSvOu			5	5	5	5	— ⅛
AFilm			4146	3¾	3¼	3¾	+ ⅛
AFilm	.84	4.2	129	21¾	19¾	19¾	+2⅛
AGreet	.76	2.2	4517	36¾	34¾	35¾	—1⅛
AHltSv			358	1¾	1¾	1¾	+ ⅛
AHltho			3094	14¾	13¼	14½	+1¼
AInsFr	.08	1.3	218	6¼	5¾	6¼	
AmImg			834	5½	5⅛	5⅛	
AmLck			12	3	3	3	
AMS			1436	22	20½	21½	— ⅛
AModIE s			1464	14¾	13½	14	— ⅛
AMTrst	1.72	5.1	769	34¼	33¾	33¾	— ⅛
ANucIC			290	3½	2½	2⅝	+ ⅛
AmNurs			689	1½	1	2	+ ⅛
AmPac			4041	14	13⅜	13½	+ ⅛
APhys			1496	8¼	7¾	8	+ ⅛
APwCv			7461	31	28½	30¾	+1¼
ARecr	.18	2.2	1623	9¼	8	8¼	— ⅛
ARepBc			47	4	3½	3¾	— ⅛
ASafe	.28	2.1	3569	14	13⅜	13⅜	— ⅛
AmSft			362	2⅜	2	2¼	— ⅛
ATrCm			12698	58¾	47¾	50½	+2⅝
ATrav s			3215	16¼	14¾	15¾	+ ⅛
AVang			22	8¼	7¾	8¼	+ ⅛
AWood			77	3½	3¼	3½	+ ⅛
AmAll	.21e	4.3	1659	5	4¾	4⅞	+ ⅛
Amerfed			21010	13¾	12	13¾	
Amerith	.64	2.3	9980	28¼	27¾	28¼	+ ⅛
Amesn s			62647	57	51	56½	+3⅝
Amistar			43	1⅞	1⅞	1⅞	+ ⅛
AmfyBc			438	10¼	9¼	10	+ ⅛
Amplkn			1003	13¼	12¾	13¼	+ ⅛
Amserv			112	3¾	2¾	2¾	— ⅛
AmtcCp			3990	23¼	19	22½	+2½
Amlogic			234	11⅜	10⅜	10⅝	— ⅛
AnalyTc	.19	2.1	144	9¼	9	9	
Analy	.56	4.7	391	15	14	15	+ ⅛
Anamgel	1.00e	6.5	916	16	15¾	15¾	— ⅛
Anaren			1389	9¾	8	9	+1
AnchBc			400	9	8¾	8¾	+ ⅛
AndrGr			15	8	7¾	8	+ ⅛
AndvBc			431	2¼	1⅞	2¼	
AndvTg			174	4	3¾	4¼	—1½
Andrew	.19	2.1	1014	35¾	31¼	31¾	—3¼
Andros			1389	9¾	8	9	+1
Anergen			15386	8½	7¾	7¾	
Aperfus			212	1½	1¼	1¼	— ⅛
Apogen	.26	2.2	344	13	11¾	12	— ⅛
Apollon			2162				
Applec	.28	1.0	57765	49	46½	48½	+ ⅛
Apldbse	.04e	.4	1612	10¾	9¾	10¼	+ ⅛
AppInt			191	10	9¾	9¾	
ABiosc s			1395	36⅛	31	35	—1
AbkBio			3158	13½	12¼	13⅛	+ ⅛
AbkMol			11172	3½	⅜	⅜	
AplxMf			5609	24¾	22½	24¼	+ ⅛
AplxPw	.12	.8	836	15⅜	14½	14½	— ⅛
AplxStr			119	5¾	5¼	5¼	
Arbor s	.14	.8	2639	19½	18¼	18¾	+ ⅛
Archive			4819	3½	3⅜	3⅜	+ ⅛
Arctco			677	9¾	9⅛	9⅜	+ ⅛
Ardent				7	41	41	—1
ArgoGp s	.68	2.9	1594	24	22¾	23¾	+ ⅛
Artich			78	4½	4	4⅜	— ⅛
ARIS			949	1	1	1	
ArkOfT			548	36	34¾	34¾	+ ⅛
Armor	.48	4.2	46	11½	10¾	11½	+ ⅛
Arnold s			144	32½	30⅜	32	— ⅛
ArrowFn	.28f		305	6¾	6	6	— ⅛
Artel			352	1⅜	1⅛	1⅛	
Artsfl			15224	19⅛	17¾	18¾	+ ⅛
AirIstG s			9777	15¼	12¾	13¾	
AsiWay	.40	3.1	132	13¾	12	13¼	
AsiaGn			23814	16⅜	15½	16⅜	+ ⅛
Asiamt			2084	4⅞	4	4⅜	+ ⅛
AspctT			1442	9¾	7¾	9	+1⅛
AspenBk			69	7	6¾	6¾	— ⅛
Asmlm			133	2½	2	2⅛	— ⅛
Assix			369	2½	2	2⅛	— ⅛
AstBnc	.80	3.0	257	27	24¾	26¼	+ ⅛
AstCmA s			11136	18	16¾	17	— ⅛
AstCmB s			194	17¾	16¾	17	— ⅛
Astec			4385	6½	6¼	6¼	— ⅛
AstraM s	.06e	.4	211				
Astron			21	2¾	2¾	2¾	— ⅛
Astrosv			408	3⅜	3⅛	3⅜	+ ⅛
Atek			6	2⅜	2⅜	2⅜	
Athey			1643	21¾	20¾	21¾	+ ⅛
Atkinsn			164	8	7¾	8	+ ⅛
Atlntd	.40b	4.4	45	9¼	8¾	9	— ⅛
Atl&m			1444	12½	11½	12¼	+ ⅛
AtlSeAr	.60	2.0	2152	29¾	28¾	29¼	+ ⅛
Atmel			7034	11½	10	11¾	+1
AtwdOc			122	9½	8¾	9¼	+ ⅛
AuBon			847	12¾	11¾	12	
AuraSy			8656	7¾	6¾	7½	+ ⅛
AutTr			1	2¾	2¾	2¾	
AutoInf			6979	4¾	4½	4¾	+ ⅛
Autociv	.24	3.6	905	7¼	6½	6¾	— ⅛
Autodk	.48	1.0	11397	49¼	44¼	47¾	+ ⅛
Autodle			1	3½	3½	3½	
AutoSec	.22e	3.7	1368	6⅜	5¾	5¾	— ⅛
Avntek			5458	4¾	4¼	4¼	
Avatar			163	21	20½	20½	
Avndle			342	3¼	2¾	3¼	+ ⅛
Axton			11107	6¾	6¼	6¼	— ⅛
AztcM	.10b	2.8	40	3¾	3¼	3¼	— ⅛
B							
BH Bulk	.84	3.7	20	1⅝	1⅝	1⅝	— ⅛
BMA s	.08	1.0	533	9	7⅞	7⅞	—1⅛
BEI Ef			930	4¼	4¼	4¼	
BEI			37	2¼	2¼	2¼	— ⅛
BF Ent			1139	11¼	10¾	11¼	+ ⅛
BFS NY	.60a	1.8	22	35	33½	34¼	+ ⅛
BHA			1107	13¾	13¼	13½	
BHA B			13	5½	5	5½	
BHC			1024	6¾	5¾	6⅜	+ ⅛
BKLA			4	4¾	4¾	4¾	+ ⅛
BMC Sft			3432	53½	49	53	+2¾
BMC Wst			765	8¾	8¼	8¾	
BMTI	.40	7.6	30	5¼	5¼	5¼	— ⅛
BMR Fn			30	3½	3½	3½	
BNH			11	2¼	2¼	2¼	— ⅛
BSB Bcp	.72	4.8	1248	15¼	14¾	15	
BTI Tel	.88	6.6	117	13⅜	13⅜	13⅜	
BT Stn	.56e	6.6	554	8½	7½	7½	— ⅛
BTR	.28	2.9	1358	24¾	22½	24¾	+ ⅛
BTU Int			335	7¼	6¾	7⅛	
BWIP	.04e	.2	1715	22¼	21½	22¼	+ ⅛
Babcock			3867	23¼	21¾	23¼	+ ⅛
BadgrP	.48a	3.0	11	24¾	22	23	+ ⅛
Badlev			161	1⅜	1⅜	1⅜	+ ⅛
BkHa wt			5142	5⅝	5⅛	5⅛	+ ⅛
BaldwL s	.04	.6	14731	10½	9¾	10¼	+ ⅛
Balchm s			148	7¼	6¾	6¾	— ⅛
BaldLy	.30	1.2	2	24½	24½	24½	+ ⅛
BaldPis			106	10½	9¾	10	
Baldwin s			4270	14¾	13¾	14¾	+2⅛
Baltek	.07f		176	5	4¾	4¾	— ⅛
BanFn s	.48	1.0	1297	17¼	16¾	17	
BcOne pfC	3.38	5.9	1844	60¾	59¾	59¾	— ⅛
BcNJ	.88	4.5	21	22	19½	19½	
BancTec			830	16	14¾	15¾	+ ⅛
BandoM	.88	8.0	576	11	10½	11	+ ⅛
BangH	1.36	7.9	2455	17¼	16¾	17	— ⅛
BkSFed	.05f		2	2	2	2	
BkGran	.44	2.1	23	21½	20	20	— ⅛
BnkNH	.05f		317	4¾	4¾	4¾	+ ⅛
BkSPed			5	4¾	4¾	4¾	
BkWarc			376	6¾	6¼	6¾	+ ⅛
Bankrs	.52	2.8	254	19¼	18¾	18¾	+ ⅛
BnkFst			375	5¼	5	5¼	+ ⅛
BnkNie			446	⅝	⅝	⅝	
BnkTn			5	9¾	9¾	9¾	+ ⅛
BkMAm			615	14	13½	13½	— ⅛
Banta	.60	2.2	1917	28¼	26	27¼	+1
BanyMd			165	⅝	⅝	⅝	
BanyM2			101	⅝	⅝	⅝	
BanyM3			470	⅝	⅝	⅝	
BanySL2			609	2	1⅞	1⅞	— ⅛
BanySL	.51e	12.4	1782	4¼	4	4	
BasinEx			1426	4⅜	3¾	3¾	
BarrJw			81	1¾	1¾	1¾	
BsTnA			680	3¾	3½	3½	
BasAm			438	10¼	9¼	10	+ ⅛
BasFtr			1305	25½	25½	25½	—1½
BasIF	1.00e	3.0	100	34½	33¼	33¾	+ ⅛
BayVw	.60	2.8	3355	22	20¾	21¼	+ ⅛
BayBks			3531	17¾	16¼	16¾	—1
Baysrt			1407				
BEAnton			1163	13¼	12½	13¼	+ ⅛
BeaconH s	.28	1.9	5366	16¼	12¾	14½	—1⅛
Beebas	.07e	.6	556	11½	10¾	11	— ⅛
BelFuse			742	4⅜	4¼	4⅜	
Belmtl			32				
BenLee			639	33½	31¼	32	— ⅛
Benihn			631	1⅞			
Bentsn s	.32	1.3	3187	25¾	24	25¼	+ ⅛
BerkGs	1.88	7.9	39	24½	23¾	23¾	
BerkPtl			1153	21½	19¾	19¾	— ⅛
BerlnBc	.32	2.7	2	11¾	11¾	11¾	+1½
BetzLb	1.24	2.4	7938	52¼	51¼	52	+ ⅛
Bibb E	.08e	.4	317	13	12¾	12¾	— ⅛
BibbTr			1074	35¾	31¾	31¾	—3¼
Bindly	.06e	.4	1351	16¼	15½	16¼	+ ⅛
BioLog s			172	6	5¾	5¾	— ⅛
Biogen			15617	34¾	31	33¾	+ ⅛
Bioen wt			68	19	16¾	19	+2
Biomatr			2088	19	17½	18¼	—1½
BirndDy			584	6⅜	6⅛	6⅛	
Bismrk s			14158	39¼	36¾	37¾	—1
BisMet			2482	4¼	3¾	3¾	— ⅛
Blosph			455	7⅜	6¾	6¾	
BioTint			6146	4½	3¾	3¾	— ⅛
BioTcG			13229	7¾	7	7¼	+ ⅛
BirdCo	.28	1.3	152	15¼	13¾	15¼	+1
BirdAd			687	4½	4	4	— ⅛
Birtchr			3212	18½	17	18¼	+1⅛
BrdsEy			53	3¼	3¼	3¼	
BlecDr			3866	3¼	3	3¼	— ⅛
BlckD	.80b	1.5	589	54	52½	53¾	
BlkBrdg un			1613	9¾	9¼	9¾	+ ⅛
Bobbie	2.16	4.9	5807	45	43¾	44¼	+ ⅛
BobEvn	.28	1.5	3389	19½	18½	18¾	— ⅛
BodyDr			15171	18¼	17¼	17¾	
Boheme			187	24¾	22¾	24	+ ⅛
BonTon			5233	11¾	10	10¾	— ⅛
BonVIP			693	2½	2	2	
BookEd			2228	10½	9½	10	
BoonEl			305	6¾	6	6	— ⅛
Borgi	.30e	5.6	344	5¾	5¾	5¾	— ⅛
Borlnd			30821	50¼	47¾	49¾	—2⅛
BostAc	.48	1.0	449	48	46	46	—1
BostBc	.48	2.4	554	24¾	24¼	24½	— ⅛
BshnDig	1		53	2¾	2¾	2¾	
BshnFB			477	2¼	2	2¼	— ⅛
BostTc			1414	3⅜	3	3⅛	
BvdSc			1	2¾	2¾	2¾	
BradyW	.56	1.6	62	35¼	34	34	— ⅛
Brantre	.09f		26	5¾	5¾	5¾	+ ⅛
Brelds			2285	2¾	2½	2½	— ⅛
Brenc			2210	19¾	16¾	17½	—2
Brendn s	.24	3.1	100	7¾	7¾	7¾	+ ⅛
BrnkSv			201	14¾	14¾	14¾	
Brkwfg			211				
Brenco	.20	2.9	3158	6¾	6¼	6¾	+ ⅛
Brentwd			1	1¼	1	1	
BridgFs	.16	.7	128	22¼	21	22	+ ⅛
BrtlsV			568	7	6¾	7	+ ⅛
BdcstIn			164	9	8¾	9	— ⅛
Brwnfrn			44	12½	11½	11½	— ⅛
Brkfree			1444	12½	11¾	12¼	+ ⅛
BrTom			2152	4¾	4½	4¾	
Brunos	.20	1.5	35154	14½	12¾	13¾	— ⅛
BrynMw	.45f		7036	11½	10	11¼	+ ⅛
Buffet			2549	34	32¾	33¾	+ ⅛
BuildT			816	7¼	6¾	6¾	— ⅛
BuilRGd			319				
Burndy			7858	4¾	4¼	4¼	— ⅛
Burrbrd			453	7¾	6¾	7	+ ⅛
Burrlt			38	4¾	4¾	4¾	
BusnRc			8333	19½	17	17	+2
ButhrMd			1284	12¾	11¾	12¾	+ ⅛
Bytrex			2099	12¾	11¾	12¾	+ ⅛
C							
CA Shrt			118	3¾	3¾	3¾	— ⅛
CBT s	.48	3.9	1272	12½	12	12¾	+ ⅛
CBL Assd			2454	35¾	33¾	35¾	+ ⅛
CBL wt			288	3¾	3¾	3¾	
CCA			1	2¾	2¾	2¾	
CCB s	1.62	3.8	1457	43	41¾	43	+ ⅛
CCNB	.88	6.6	438	18	17½	17½	— ⅛
CCOR			1182	8	6	7¼	+ ⅛
CE Soft			2883	9¼	8	9	
CE Sft wt			1184	8½	8½	8½	
CFM s			2235	13¾	10¼	10¾	— ⅛
CFS			156	4¾	4¾	4¾	+ ⅛
CFSB Bc	.17e	1.3	498	13½	13	13	
CIS Tch			8486	6¾	5¾	6¾	+ ⅛
CKFSv	.28	3.8	14	7½	7½	7½	—1
CMS Dt			3	21½	21½	21½	— ⅛
CNB	.88b	4.1	119	22½	21½	21½	
CPAC	.36	2.9	272	9¾	8¾	9¼	
CSC Ind	.72	3.4	21	21¼	21¼	21¼	— ⅛
CSC Ind			31	⅝	⅝	⅝	
CSF Hld			5	8½	8½	8½	— ⅛
CSP			775	6¾	6¼	6½	— ⅛
CTEC			2276	14¾	13¾	14	
CU Bnc	.15f		195	6¾	6	6¾	
CabotM			2885	13¼	11¾	12	—1½
Cache			1225	3¾	2¾	3	
CACI			2967	23¾	21¾	23¾	+ ⅛
CdbysS	2.25e	8.1	2827	29¾	27½	27¾	—1½
Cadelle			191	1	1	1	— ⅛
Cadmus	.20	3.1	213	6¾	6¼	6½	+ ⅛
Caere			4406	18	15¾	16	—2
CalBrnd			67	13	12¾	13	
CalRep	.40	2.2	41	18½	18½	18½	+ ⅛
CalAmp	2.25	6.4	1771	36	34¼	34¾	+ ⅛
CalBio			1714	46¼	41¾	44¾	+ ⅛
CalFed	.40	4.4	220	9½	9¼	9¼	— ⅛
CalFed pfA			1	8¾	8¾	8¾	
CalMic			4431	23½	19¾	22	—1½
CalSBk			1	8½	8½	8½	
Calwst	1.60	4.4	1388	36¼	36¼	36¼	
CalWtr	1.80	6.4	1	28	28	28	
Calxway			245	7¼	6¾	7¼	+ ⅛
Cambex s			1998	19¼	17¾	18	—1¼
Cambdg			2228	7¾	7¼	7¼	— ⅛
CambNe			1218	12¾	11	11	—1¼
Camtek	.46e	.6	69	59½	58½	58½	—1
Canaan			1	7¾	7¾	7¾	
CanalEl	.60	4.2	1417	16½	15¼	15¾	— ⅛
CanalFn	.76	2.6	1	29	29	29	
CanalNC			1	19½	19½	19½	
Cancar			1	2¾	2¾	2¾	
Cancpt			1	2¾	2¾	2¾	
CapBcp	.58b	5.5	167	8¼	8¼	8¼	
CapCtyBk	1.58	10.3	3	15½	14½	14½	+ ⅛
CapCtyIn	.76	2.2	322	34½	33¾	34	+ ⅛
CapAm s	.24	4.1	1120	17¾	17¼	17¼	— ⅛
CmCtrB	.70	4.4	1417	16½	15¼	15¾	— ⅛
CmBCol			66	10¾	10	10	
CmcFid			220	5¾	5¾	5¾	— ⅛
CentBks	.96	5.3	1818	18¼	17¾	18	+ ⅛
CmCbNC			29	8¼	8	8	
ComSy	.32	2.7	359	12¼	11¼	11¾	+ ⅛
CmtyBc	.28	1.6	16	11	10¾	11	+ ⅛
CmtyBks	.76	5.3	1	14¼	14¼	14¼	
CmtyFdr							

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
European Coal & Steel Community	DM 50	1999	0.40	100	—	Below 6-month Libor. Sinking fund to start in 1996. Private placement. Fees not disclosed. (Dresdner Bank.)
Fixed-Coupons						
Alberta Province	$1,000	1998	7⅜	99.32	99.14	Noncallable. Fees 0.30%. (Deutsche Bank Capital Markets.)
British Gas Int'l Finance	$1,500	2021	zero	8.77	8.45	Yield 8.45%. Noncallable. Proceeds $130 million. Fees not disclosed. Denominations $10,000. (Goldman Sachs Int'l.)
First Mexican Acceptance	$ 40	1996	8¾	98.625	—	Semiannually. Callable immediately at par. Fees 1%. Denominations $100,000. (Deutsche Bank Capital Markets.)
Prudential Finance	$300	2001	8¼	100.865	98.15	Reoffered at 99.24. Noncallable. Fees 2%. (Credit Suisse First Boston.)
ABN-Amro Bank	DM 500	1996	8½	102	99.82	Noncallable. Fees 2%. (Trinkaus & Burkhardt.)
Turkey	DM 500	1996	10¾	101	99.52	Noncallable. Fees 2%. Increased from 300 million marks. (Commerzbank.)
3i Group	£100	2001	10¾	101.26	—	Reoffered at 99.66. Noncallable. Fees 2%. (S.G. Warburg Securities.)
Compagnie Bancaire	FF 1,250	1993	12	100.855	99.96	Reoffered at 99.98%. Only one coupon payment at redemption, for an effective yield of 9.51%. Noncallable. Fees 1%. (Crédit Commercial de France.)
Interfinance Crédit National	FF 750	1993	9⅛	99.46	—	Noncallable. Fungible with outstanding issue, raising total to 2.25 billion francs. Fees 0.12%. (Paribas Capital Markets Group.)
World Bank	ITL 500,000	2001	10.80	101¾	100.25	Noncallable. Fees 1⅛%. (Banca Nazionale del Lavoro.)
Int'l Finance Corp.	ESC 11,000	1996	12	100⅛	99.15	Noncallable. Fees 1⅛%. (Deutsche Bank de Investimento.)
BHF Finance (Netherlands)	ECU 100	1996	9⅛	101	—	Noncallable. Fees not disclosed. (BHF Bank.)
Volvo Group Finance	SK 300	1995	11	101½	99.75	Noncallable. Fees 1½%. (Skandinaviska Enskilda Banken.)
Daimler-Benz North America	C$ 250	2001	9½	101.365	99.15	Reoffered at 99.69. Noncallable. Fees 2%. (Credit Suisse First Boston.)
Ford Credit Canada	C$ 100	1996	9⅜	101.30	—	Reoffered at 99%. Noncallable. Fees 1⅛%. (ScotiaMcLeod.)
Montreal Trustco	C$ 100	1996	9⅜	101.55	99.30	Reoffered at par. Noncallable. Fees 1⅛%. (ScotiaMcLeod.)
Quebec Province	Y 50,000	2001	6¼	99.95	99.45	Noncallable. Fees 0.325%. (IBJ Int'l.)
Toyo Ink Manufacturing	Y 15,000	2002	7	101⅛	—	Reoffered at par. Noncallable. Fees 2%. Denominations 10 million yen. (Nikko Securities Europe.)
Equity-Linked						
Kangwon Industries	$ 40	2006	3⅛	100	—	Redeemable at 122.11 in 1996 to yield 6.98%. Convertible into preferred shares at 19,100 won per share and at 744.40 won per dollar. Fees 2½%. (Jardine Fleming)
Pacific Electric Wire & Cable	$ 65	2001	3¾	100	—	Redeemable at 131.42 in 1996 to yield 9%. Convertible at 44.05 Taiwan dollars per share, a 9.80% premium, and at 26.425 Taiwan dollars per dollar. Fees 2½%. Denominations $10,000. (J. Henry Schroder Wagg.)
Mitsubishi Materials	ECU 300	1995	6⅛	100	100.00	Noncallable. Each 5,000-ecu note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Oct. 15. (Nikko Securities Europe.)
Morinaga Milk Industries	ECU 80	1995	6⅛	100	100.00	Noncallable. Each 10,000-ecu note with two warrants exercisable into company's shares at 751 yen per share and at 160.70 yen per Ecu. Fees 2¼%. (Nikko Securities Europe.)

Strong Offers Improve Executive Life Outlook

By Kathy M. Kristof
Los Angeles Times Service

LOS ANGELES — Policyholders of Executive Life Insurance Co. are now expected to recoup the bulk of their investments in the failed insurer thanks to unexpectedly strong bids to acquire the company, analysts said.

Indeed, so strong are the bids and financial might of the bidders — including one offer from the U.S. insurance industry itself — that some analysts contended Saturday that Los Angeles-based Executive Life could emerge as one of the nation's strongest life insurance companies.

That would be a big relief for Executive Life's 400,000 policyholders nationwide — most of whom are in California. After the company was seized by state regulators in April, policyholders had feared they would lose most of their investment in the company's insurance policies.

It is unlikely that all policyholders will get back their total investments, "but I think it will be close," said Robert Hunter, president of the National Insurance Consumers Organization. "Given the fact that there are at least five bids that seem strong and real, I would expect there will be an upward adjustment — more money kicked in — before the competition ends."

Executive Life failed after suffering huge losses on its vast portfolio of junk bonds and a flood of policy surrenders. Eight offers to acquire the insurer were submitted to state regulators before the Friday deadline. Details of most of the bids were made public Saturday.

A rebounding market for junk bonds, due in part to lower interest rates and improved business prospects for companies issuing the bonds, helped prompt bidders on Friday to raise their offers by more than $500 million.

Industry specialists said Saturday that offers will continue to be enriched this week largely because at least five of the bidders have the cash or financial commitments in hand to make the purchase.

Those five offers all contemplate significant cash payments and financial guarantees that would allow the company to meet all regulatory standards for safety. Some would boost the company's financial strength above industry norms.

The winning bid is expected to be chosen Oct. 25.

California's insurance commissioner, John Garamendi, launched the auction two months ago when he announced a preliminary offer to sell the company to a group led by Altus Finance, which is controlled by Crédit Lyonnais, and Mutuelle Assurances Artisanale de France for about $3 billion. Other potential buyers were invited to outbid the Altus-MAAF group.

A series of investment groups subsequently expressed interest in Executive Life and vowed to outbid the original Altus group offer. The offers vary widely in scope, but generally promise to initially provide policyholders with between 81 and 86 cents on their accounts, as well as some profit participation if the buyers are able to earn specified profits on their investment.

The biggest surprise was a formal bid by the National Organization of Life and Health Insurance Guaranty Associations, a group that represents 47 state-run life insurance guaranty funds that reimburse policyholders for certain losses in cases of insurance company failures.

The group's bid is seen as crucial because it comes with the weight of the entire U.S. insurance industry behind it. Also, the organization is the only bidder without a profit motive; thus its bid is expected to be more generous to policyholders.

3-Month Price Rally Ends

Long-Term Issues Fall as Federal Reserve Fails to Ease

United Press International

NEW YORK — After three months of solid gains, the bond market rally finally ended last week.

The bellwether 30-year bond dropped almost 1¼ points, to 102 23/32, for a yield of 7.89 percent, up from 7.78. But while long-term yields rose, short-term returns fell. This steepening of the yield curve, the relation of returns among bond

U.S. CREDIT MARKETS

maturities, is an indication that investors fear future inflation, although those worries were allayed by economic data on Friday.

Analysts blamed the decline in long-term bond prices on disappointment the Federal Reserve Board had failed to cut interest rates, presidential initiatives on easing the credit crunch, a possibility the economy might rebound and profit taking after the consistent advances.

The fall last week was mitigated by a sharp rally Friday, which pared an additional 15/16 point loss in the long Treasury bond. Weak economic data and signs inflation was under control renewed speculation of a Fed rate cut. Nonetheless, prices were sharply lower than a week before.

"All this started a common sense correction after such a substantial rally," said Hugh Johnson, chief economist of First Albany Corp. in Albany, New York. "We came a long way."

Mr. Johnson said the rally began July 15, when the Fed reduced interest rates. Since then, the 30-year Treasury yield has fallen from 8.5 percent.

Many analysts had predicted the Fed, which regulates the nation's money supply, would further reduce interest rates last week in hopes of stimulating the economy. But the Fed did nothing, so bond prices dropped.

Mr. Johnson felt initiatives by President George Bush to make banks lend more and ease the credit crunch also hurt the bond market. "That implied we might see an end to the credit crunch, and the economy might strengthen," Mr. Johnson said, discouraging the Fed from lowering rates.

Last week's government reports again a weak economy. For instance, retail sales in September advanced only 0.7 percent. That sparked the rally on Friday.

Edward Yardeni, chief economist at C.J. Lawrence Inc., said the producer price index report on Friday showed the economy had no inflation during September. "The lower inflation trend should push the finished goods core inflation down to 2 percent next year."

Among Treasury yields, 10-year returns rose to 7.47 percent from 7.38 percent the previous week and five-year yields were up to 6.82 percent from 6.79 percent.

But two-year yields fell to 5.88 from 5.89, as the yield curve steepened. Among shorter-term instruments, six-month Treasury bills were discounted at a rate of 5.01 percent to yield 5.20, down from a discount of 5.07 to yield 5.27 percent. Three-month bills ended at a rate of 4.96 percent to yield 5.09 percent, down from 5.02 percent to yield 5.15 percent a week earlier.

Short-term rates have been most affected by the Federal Reserve's recent easing. Investors have forsaken short-term certificates of deposit and money market funds, seeking the higher yields available on longer-term bonds. About $150 billion of certificates of deposit are to mature this month, and investors are expected to switch out of these instruments and into higher-yielding alternatives.

U.S. Treasury Bonds

Oct. 11

Maturity	Bid	Ask	Yield	Wk.-ago yield
30.09.93	108 14/32	108 16/32	5.88	5.89
15.08.94	101 27/32	101 29/32	6.15	6.13
30.09.96	100 24/32	100 26/32	6.82	6.79
15.10.98	99 22/32	99 24/32	7.18	7.15
15.08.01	102 25/32	102 27/32	7.47	7.38
15.08.21	102 22/32	102 24/32	7.89	7.78

Source: Salomon Inc.

U.S. Consumer Rates

Oct. 11

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	6.89 %
Money Market Funds	
Donoghue's 7-Day Average	5.08 %
Bank Money Market Accounts	
Bank Rate Monitor Index	4.89 %
Home Mortgages, FHLB average	8.82 %

Source : New York Times Service, UPI.

A TOUCH OF FRANCE

HÔTEL PLAZA ATHÉNÉE
NEW YORK

Number One New York Luxury Hotel
*Institutional Investor, 1990

37 East 64th Street, between Madison and Park
New York, New York 10021

Reservations: (212) 734-9100
or 1 (800) 447-8800
or Forte Hotels 1 (800) 223-5843
By Facsimile: (212) 772-0958
or consult your travel agent.

Forte Exclusive Hotels, Inc.
a member of
The Leading Hotels of the World

BONDS: *Mark Rate Play*

(Continued from first finance page)

of 99.32. The view in the market was that the paper was fairly priced and well placed.

British Gas raised $130 million through the sale of 30-year zero-coupon bonds. The capital gain on the bonds — which were offered at a price of 8.77 and repayable at 100 at maturity — is equivalent to an annual yield of 8.45 percent. At maturity, British Gas will repay $1.5 billion to redeem the bonds.

Prudential Finance's $300 million of 10-year paper and Daimler's 250 million Canadian-dollar issue, both managed by Credit Suisse First Boston, ran into some resistance amid complaints that they were priced too aggressively.

This week will see the first issue from the newly fused insurance companies Amev in the Netherland and AG in Belgium. The merged entity, called Fortis will be seeking up to $300 million for five years. France's Crédit Foncier is also expected this week to seek either $500 million or the equivalent in Ecus.

BUSINESS BRIEFS

Kuwaiti Well Starts Producing Oil

KUWAIT (Reuters) — Kuwait has started pumping crude from one of the new wells being drilled to replace some of the 732 wells set on fire or damaged by retreating Iraqi troops.

Oil Minister Hamoud Abdulla al-Raqba was quoted on Sunday as saying the first new well started producing on Saturday in the Maqwa field. Kuwait started drilling new wells last month. He said the new well was producing 4,000 barrels per day.

IBM Delays PC Operating System

NEW YORK (NYT) — International Business Machines Corp. said that it would not meet its end-of-the-year goal for shipping a new version of its advanced personal computer operating system. It has been counting on the system to blunt the growing influence of Microsoft Corp.'s Windows program.

The setback, which IBM said had resulted from customers' concerns that arose in a product-testing program, is likely to hurt the company's credibility as it struggles to regain its authority in an increasingly bitter marketing war with its former partner.

In April, IBM said that by the end of the year it would have available a new version of its OS/2 operating system program, which is intended to include support for both Windows and MS-DOS programs as well as more advanced 32-bit programs.

Seoul Businessmen Head North

SEOUL (Reuters) — Officials from South Korea eager to promote economic ties with the communist North have left to take part in an unprecedented meeting in Pyongyang on plans for a $30-billion development zone.

YEN: *Group of Seven Seeks to Curb Japanese Surplus*

(Continued from page 1)

by the rebuilding of former East Germany, Japan's current account surplus, after shrinking for several years, has resumed growing in recent months and is expected to swell to more than $60 billion this year.

The surplus with the European Community alone is expected to increase by half to around $30 billion.

Currency dealers in Tokyo said Sunday that the comments would bolster bullish sentiment toward the yen in the market.

"The dollar may go as low as around 127.20-30 yen in the near term," said Kiyoshi Wakabayashi, a manager at Yamaichi Securities Co.

He said the market was cautiously awaiting the release of Japan's customs-cleared trade figures for September. The figures, due to be released on Monday, were expected to show the surplus had widened to about $9.1 billion last month from $6.9 billion in September 1990.

"If the data show big growth in Japan's trade surplus, a further dollar sell-off is possible," Mr. Wakabayashi said.

The G-7 also, for the first time, recognized the darker side of capitalism by alluding to scandals such as improper compensation by brokerages in Japan and improper bidding for U.S. Treasury securities. The group pledged to take action to avoid a repeat of the scandals.

The ministers voiced hopes for an economic pick-up in 1992.

"The overall picture is still for general recovery," said David C. Mulford, U.S. Treasury undersecretary. "The issue discussed was how rapid and how strong that will be."

The communiqué said the G-7 "emphasized the importance of fiscal and monetary policies" that will "provide the basis for lower real interest rates." *(Reuters, AFP)*

HILLS: *Bilateral Trade Deals Aid U.S. GATT Strategy*

(Continued from first finance page)

more likely that it has the margin now to negotiate multilaterally for agricultural reform. So we hope that this fall we will see some movement.

•

Q. What will the United States do if the Uruguay round remains mired or breaks down altogether?

A. We will use every avenue we can to open markets and maximize trade. We believe that the multilateral approach has the greatest punch. But we are supplementing the multilateral approach with plurilateral, regional and bilateral negotiations.

Q. Do you foresee a spreading network of interlocking free-trade agreements on both sides of the Pacific that in the end could produce basically the same result as a successful multilateral round of negotiations?

A. It is possible to stitch together a patchwork quilt of bilateral and regional free-trade areas to expand trade. All U.S. regional and bilateral free-trade negotiations will create trade, not divert it away from other countries. We believe these negotiations strengthen our efforts in the multilateral forum.

Q. By going down this route, won't you risk ending up with two gigantic, rival trade blocs, one in the Pacific and the other in Europe?

A. We would hope not. It would not be our aim to raise our trade barriers toward any region of the world as we negotiate trade liberalizing agreements with small or large groups of nations. We would hope that the energy created in terms of trade growth would lead by example, and perhaps then we could complete the negotiations that we ought to have completed this year.

Q. Will the United States impose trade sanctions against China soon unless Beijing lifts high tariffs and import barriers on U.S. products?

A. We have just launched an investigation. The purpose is to avoid having sanctions. It is only if our negotiations over the next 12 months fail that we would reach the sanctions stage.

I hope that China will bring down its barriers to U.S. goods. We face stringent quotas and bans on our products, discriminatory standards and lack of transparency. We want to trade with China. But we cannot with the barriers that we face today.

•

Q. The United States earlier this year cited India and Thailand, as well as China, for violation of intellectual property rights. What must these countries do to avoid imposition of punitive tariffs after the Nov. 26 deadline for reform expires?

A. Hopefully, they will act before the Nov. 26 deadline. We are looking for the protection of patents, trademarks, copyrights and trade secrets. The United States loses about $60 billion a year in theft of its intellectual property in such things as textbooks, sound recordings, videotapes, movies and pharmaceutical products.

Simon Partnership Profits in Hawaii

By Richard W. Stevenson
New York Times Service

LOS ANGELES — Even as it unravels, an investment partnership headed by William E. Simon is continuing to chalk up big profits.

Mr. Simon's group said Friday that it had sold HonFed Bank, Hawaii's largest savings institution, to BankAmerica Corp. Terms were not disclosed, but people involved in the transaction said it would yield the group roughly five times its 1986 equity investment of $17 million.

Members of Mr. Simon's group confirmed last week that the partnership was splitting up because of differences between Simon, the former Treasury secretary, and his primary partner, Gerald L. Parsky, a Los Angeles lawyer.

The deal to sell HonFed, though, had been in the works for months and was unrelated to the fracturing of the partnership. The group continues to own several small and medium-sized savings institutions in California.

The deal marks the entry into Hawaii of BankAmerica. In HonFed, BankAmerica is purchasing an institution with $3 billion in assets and 29 branches.

HonFed had been failing when it was acquired by the group, which over the last several years has attracted new capital to the institution and shored up its earnings.

The group's purchase of HonFed was one of the first acquisitions by a major investor of a troubled thrift and did not involve financial assistance from the government.

Members of Mr. Simon's group, including Preston Martin, a former vice chairman of the Federal Reserve Board, have long said that troubled savings institutions could be profitably revived if carefully managed, and the sale of HonFed appeared to bear out that strategy.

People involved in the deal said the transaction, which is still subject to regulatory review, had been arranged largely through direct negotiations between BankAmerica and Mr. Parsky, who has managed the Simon group on a day-to-day basis.

BankAmerica said that in addition to buying the common stock of HonFed, all of which is held by the investment group, it would pay off HonFed's $40 million worth of subordinated debt and the interest held in the institution by the Bishop Estate, a Hawaii-based trust that purchased $50 million of preferred stock in HonFed last year.

The Bishop Estate will also receive an undisclosed percentage of the Simon group's profit on the sale of HonFed's common stock.

The deal is small, compared with BankAmerica's agreement in August to acquire Security Pacific Corp. for $4.5 billion in stock.

But the acquisition of HonFed helps BankAmerica fill one of the few gaps in its coverage of the West and makes it the No. 3 financial institution in Hawaii, behind Bank of Hawaii and First Hawaiian Bank.

The deal is the second sale of a financial institution in Hawaii by Simon's group. Last year the group sold First Interstate Bank of Hawaii, a small commercial bank, to the parent of First Hawaiian. That deal was also extremely profitable for the group and for Mr. Simon personally, allowing him to double his equity investment of $15 million in just one year.

The success of Mr. Simon's group in buying and selling financial institutions has added to his status as a can't-miss investor. Mr. Simon, who before serving as Treasury Secretary in the early 1970s had a successful career on Wall Street, is best known for lucrative leveraged buyouts that he participated in as a partner in Wesray Capital Corp.

PREQUALIFICATION NOTICE

RURAL HEALTH SERVICES PROJECT, LESOTHO

REHABILITATION OF DISTRICT HOSPITALS

The Government has obtained finances from the African Development Fund and OPEC FUND for the development of various Hospital Services in Lesotho. The Project comprises the supply, installation and commissioning of equipment, furniture and linen for the hospitals at Mafeteng and Quthing.

The tender will be divided into groups under the following general headings: Laboratory equipment, Dental equipment, Various equipment, Hospital equipment, Surgical instrument, Kitchen equipment, Laundry equipment, Furniture, Physiotherapy equipment, Refrigerators and Linen.

Participation in the bidding is open for all eligible suppliers from a participant state of the ADF or member country of the ADB. All suppliers wishing to be prequalified for participation in the bidding are invited to submit completed prequalification questionnaire to the below address not later than 6th January, 1992. Project Coordinator, RHSP, Ministry of Health, P.O. Box 7429, Maseru 100, Lesotho. TLX 4572, Fax 310041.

Prequalification questionnaires and further information may be obtained free of charge from the above address.

MUTUAL FUNDS

(Continued from Page 12)

Ultra	14.37	NL	Vona	4.27	4.85	GNMA	10.20	NL	Wells Fargo(RA):			
USGov	93.77	NL	Unl Services:			HiYld	7.04	NL	AstAl	14.34	NL	
Vista	9.71	NL	AllAm	17.58	NL	IGBnd	8.45	NL	GnStk	27.67	NL	
USF&G Funds:			Euro	4.50	NL	ShrTr	10.76	NL	Fixinc	14.38	NL	
AssB p	9.70	10.20	Global	5.04	NL	STGvt	10.26	NL	GNMA	10.96	NL	
AssGr p	16.95	17.82	GlbSTr	5.15	NL	US Tr	10.05	NL	Muni	11.71	NL	
AssGr p	8.54	9.08	Growth	7.45	NL	Idx 500	34.33	NL	Westcore:			
AssInc p	5.89	5.95	Inco	12.00	NL	IdxExt	14.67	NL	IntBd	10.12	10.60	
AstTE p	10.46	10.88	WrldGld	9.40	NL	IdxEur	9.84	NL	BdPlu	12.39	13.74	
ChnFi p	10.34	10.84	RIEst	9.12	NL	IdxPac	28.77	NL	BndVl	12.83	13.37	
ChnGl p	12.81	13.59	US TF	11.64	NL	IdxInst	34.37	NL	LT Bd	10.49	10.96	
EurGr p	10.07	10.68	USBasF	8.39	8.39	SmCap	11.37	NL	MedVl	12.52	13.11	
EurGt p	10.15	10.77	USEmG	14.34	14.34	MuHY	10.87	NL	Midco	14.87	15.57	
DTCS p	16.40	17.40	VolFrg	9.71	NL	MuInt	11.35	NL	Westwood Funds:			
USAA Group:			Value Line Fd:			MunLd	10.49	NL	Balan	9.97	10.39	
AgrGt	20.20	NL	Aggrsn	7.02	NL	MuLg	10.75	NL	Equity	14.14	14.75	
Balan	11.41	NL	Conv	11.83	NL	MInLg	11.59	NL	Intrst	10.28	10.45	
Cornst	18.69	NL	Fund	17.94	NL	MuSht	15.56	NL	WndNGr	8.49	NL	
CA Bd	10.25	NL	Incom	7.15	NL	CalIns	10.32	NL	WmBlin	10.49	NL	
GNMA	10.19	NL	Lev Gr	26.78	NL	NJIns	10.83	NL	William Penn:			
Gold	6.57	NL	MidEd	10.52	NL	NYIns	10.89	NL	PennIS p	10.01	10.51	
Growth	16.98	NL	NY TE	9.96	NL	OhioIn	10.63	NL	PATE	10.60	11.13	
Inco	12.87	NL	Spl Sit	16.01	NL	Pennin	10.54	NL	US Gov	10.27	10.69	
IncStk	12.27	NL	US Gvt	12.44	NL	VSPE r	14.75	NL	Wood Struthers:			
Intl	12.44	NL	Van Eck:			VSPG r	9.49	NL	Neainc	13.46	NL	
TxEH	13.53	NL	GldRs p	3.68	3.95	VSPH r	22.39	NL	Pine	12.39	NL	
TxEH	12.57	NL	Intinv	11.55	12.62	VSPS r	18.28	NL	WrldI r	11.13	11.13	
TxESh	10.64	NL	WldIn p	9.97	10.47	VSPT r	14.53	NL	Woodward Fds:			
VABd	10.58	NL	WrldT p	14.08	14.54	Wellsl	18.26	NL	Benfld	18.26	18.69	
UST Master:			Van Kampen Mer:			Wellfn	18.16	NL	GrVal	9.21	9.70	
Equity	14.78	15.39	CATF p	14.16	14.99	Winder	12.49	NL	IstBd	10.31	10.74	
Infl	9.73	9.14	Gwth p	18.29	19.22	WndsII	14.68	NL	Interm	9.71	10.11	
IntTE	8.97	9.41	HiYld p	9.35	10.04	WrldInt	10.58	NL	Opportnt	9.71	10.12	
LTTE	9.38	9.82	IntTF p	16.26	17.20	WrldUS	12.17	NL	World Funds:			
MgdIn	9.32	9.76	Munin	14.85	15.62	Venture Advisers:			InvaTg	10.75	11.22	
NY TE	8.73	8.71	PA TF	14.34	17.68	IncPl	4.62	4.85	VantEF	12.29	12.94	
Unified Mgmt:			ST GIA	9.54	9.84	Muni I	9.08	9.38	Wrightst Funds:			
Gwth	14.44	15.14	ST GIB	9.54		NY Ven	9.78	10.48	Curtis	10.32	NL	
Inco	11.25	11.78	TxFH p	13.65	14.46	RPFB I	4.74	4.74	InBlCh	10.47	NL	
Income	8.99	9.41	USGv p	13.79	14.51	RPFE I	25.89	25.09	Gvt Sc	12.89	NL	
Mutl	14.86	17.65	Vance Exchange:			Vista Funds:			InStCh	12.07	NL	
Unitet Invr:			CapE	137.07	NL	GovCr	20.78	21.48	Neer's	10.50	NL	
Berlin	10.69	NL	Dfnd	12.26	NL	Grinc	24.42	25.57	SunCor	13.09	NL	
Bnfld	11.29	NL	Divrs	142.85	NL	NY TF	11.23	11.76	TaxFree	11.89	NL	
IntBd	10.45	NL	ExFd	211.29	NL	TF Inc	17.13	17.49	TotRet	12.16	NL	
Wilcon	12.99	NL	EBas	176.43	NL	Gvinc	11.53	12.07	YamGib	8.34	8.76	
United Funds:			FdEq	128.57	NL	Volumet	12.53	NL	Zweig Funds:			
Accsn	8.34	7.58	SciHd	108.19	NL	Voyageur Fds:			25 Apg	11.31	11.97	
Bond	8.07	8.53	Vanguard Group:			CO TF	10.31	10.72	25 Gvp	9.73	10.22	
Corinc	17.66	19.22	AssetA	12.94	NL	GvSctp	21.47	22.78	Strat	12.18	12.89	
GNMA	8.84	7.48	Bdmkt	9.74	NL	MNIns f	9.98	10.39	25 Fp	12.22	12.93	
GvtSc	5.03	5.25	Convrt	9.83	NL	MNInt f	10.53	10.85	Money Market:			
IntGth	6.48	7.08	Explnc	11.34	NL	MNTF f	11.55	12.02	BovFdMM	5.28		
HiInc	8.36	9.03	Explr	35.06	NL	US Gvt	10.41	10.93				
HiInc1	3.77	4.12	Morgn	72.21	NL	Wells FargoGrant:			NL— No initial sales load. f—Previous day's quote. r—Redemption charge may apply. x—Ex dividend.			
Incom	19.35	21.15	Primcp	14.91	NL	Tudor	22.70	NL				
Muni	7.94	7.56	V Prof	9.09	NL	Govt	10.26	NL				
MuniH	8.06	8.26	Specin	13.68	NL	Gwth	120.48	NL				
NYCon	8.07	8.80	STInv	10.28	NL	Grinc	23.46	NL				
Retire	6.56	7.17	TCInt	27.32	NL	Wellsl	7.85	8.18				
SciEns	13.65	14.92	TCUsa	25.01	NL							

WALL STREET REVIEW

Figures as of close of trading Friday, Oct. 11.

NYSE Most Actives

Vol.	High	Low	Last	Chng.	
NatMdE s	171500	18⅝	16	17⅛	—3⅛
WstgFE s	168824	19⅝	17⅛	18	—1⅝
TelMex n	129800	41¾	37⅝	41½	+3⅝
AT&T	118599	37⅛	36⅛	36⅝	+ ⅛
AmExp	72600	27⅛	26⅝	26⅞	— ⅛
RJR Nb n	71300	10⅝	10	10⅛	— ⅛
Limtd	104800	23⅝	21¼	22⅝	—1⅜
GenEl	80214	69⅜	65¼	66½	—1⅝
CitiCrp	78529	13⅝	12⅝	13½	+ ⅛
FedCn	76100	9⅝	9⅛	9⅜	+ ⅛
IBM	69367	109½	96¾	99⅜	+1⅝
Chrysir	67238	11⅛	10½	11⅛	+ ⅜
PhilMr	64142	72¼	69½	72⅛	+ ⅜
WalMrt	60250	57⅜	55¾	57	+ ⅝
PepsiC	59764	29⅛	28⅝	28⅞	+ ⅛
AlldSig	59690	40¾	34	39¾	+4⅛
BrMySq	55029	83¾	81	82½	+ ⅛
Glaxo	54000	58	46⅞	48½	—7⅛
GnMotr	50157	39⅜	36⅝	37⅝	— ⅝
Wastin	46215	36½	34⅜	35½	— ⅝
FedDSt	45128	63½	59⅝	62¼	—1½
Motorla	44662	57¼	54	57	+2¼
Scher n	44044	19⅝	18⅝	18⅝	
Upjohn	43625	44	42	43	— ½
Exxon	42244	60½	58⅝	60⅛	+1

AMEX Most Actives

Vol.	High	Low	Last	Chng.	
NetMB	18066	28⅝	25½	28¾	— ⅛
VelAm wt	17925	1½	1	1⅜	
CentCr	13988	26	24⅛	25⅝	+ ⅝
VlCrAir	12899	1⅛	1⅛	1⅛	
Apex sc	10353	2⅜	2⅛	2⅜	
PrtdIn	10000	20⅞	19⅝	19⅞	— ⅛
ElctrSy	9877	8½	7⅞	8	— ⅛
SPI Ph	9638	23⅝	17⅜	22⅝	+3⅝
MedVn n	8445	40⅝	34	40⅛	+5⅛
VelAm n	8012	5⅝	5⅛	5⅝	
Belmac	7951	13½	12½	13⅛	— ⅛
AmdHl	7771	14¼	13⅛	13⅝	— ⅛
PhilMr	7458	4¾	3⅝	4	— ⅛
DWI	7347	6⅝	5⅞	6⅜	+ ⅛
Nobars	7353	5⅝	5¼	5⅝	+ ⅛
Hilhov	7045	2½	2⅛	2⅛	— ⅛
PortSys	6994	20⅛	18	19⅝	—1⅛
Alza	6457	70½	69½	69⅞	— ⅛
BensBr s	6533	21¼	21⅛	21⅛	— ⅛
WmsEl	6158	3	2⅝	2¾	
GlenFd	6055	23¼	21⅝	22	+ ⅝
Wtnfrd	5777	5⅞	5¼	5⅝	+ ⅛
ENSCO	5538	2¼	2¼	2¼	— ⅛
NY Tim	5405	21¾	19½	20⅝	—1⅛
FarstL s	5388	32¼	30⅝	31	—1⅛

NYSE Sales

	Sales Vol.
Total for week	818,458,000
Week ago	820,260,000
Year ago	780,970,000
Two years ago	809,720,000
Jan 1 to date	34,736,140,000
1990 to date	31,345,450,000
1989 to date	31,806,930,000

AMEX Sales

	Sales Vol.
Total for week	54,616,600
Week ago	62,270,000
Year ago	54,960,000
Jan 1 to date	2,697,756,000
1990 to date	2,736,990,000

NYSE Diaries

	This Wk	Last Wk
Advanced	894	1024
Declined	1069	945
Unchanged	317	252
Total Issues	2280	2221
New Highs	247	340
New Lows	61	47

AMEX Diaries

	This Wk	Last Wk
Advanced	347	373
Declined	444	405
Unchanged	196	214
Total Issues	987	992
New Highs	57	90
New Lows	47	35

Euromarts At a Glance

Eurobond Yields

	Oct. 9	Oct. 2
U.S. $ 8 yrs & over	8.27	8.31
U.S. $ 5 to 7 yrs	7.71	7.79
U.S. $ less than 5 yrs	6.64	6.72
Pounds sterling, less than 5 yrs	10.74	10.68
French francs, less than 5 yrs	9.38	9.36
Ital. lire, less than 5 yrs	11.92	12.10
Danish krone, less than 5 yrs	10.17	10.01
ECU, 8 yrs & over	8.91	8.95
ECU, 5 to 7 yrs	9.05	9.09
Can. $, less than 5 yrs	9.95	9.91
Aust. $, less than 5 yrs	10.60	10.54
N.Z. $, less than 5 yrs	8.78	9.13
Yen, 5 to 7 yrs	4.36	4.35

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Dutch stock prices slipped last week, and the outlook remains glum because of weak economic factors, analysts said.

On Friday, the CBS all-share index closed at 193.30 points, down from 194.00 a week earlier. Volume rose to 8.8 billion guilders, with 2.4 billion in equities, from 8.1 billion guilders the previous week, when 2.5 billion was in equities.

KLM and Oce-van der Grinten, an office supply company, bucked the downward trend. In heavy trading, the Dutch airline gained about 10 percent, to 34.50 guilders, while Oce benefited from good third-quarter earnings and rose to 56.10.

Frankfurt

Fears of a weakening economy pushed the DAX indicator below the psychologically important 1,600 level last week. The gauge closed at 1,568.42 points on Friday, a drop of 33.31 points from a week earlier, while the Commerzbank index shed 25 points, ending at 1,820.

Volume remained low, at 39.11 billion Deutsche marks.

Analysts said that caution among German investors and pessimism about the German economy, despite the release of positive indicators that included a decline in unemployment, helped drag down the market.

Automobile issues were lower, with BMW down 15.50 DM, to 466.50 DM; Mercedes falling 11 DM, to 527 DM; and Volkswagen shedding 12 DM, to 339.50 DM.

RWE was one of the few rising issues, with the energy company's stock up 7 DM, to 380.

Hong Kong

Hong Kong stocks were undercut by the trade dispute between China and the United States, and the Hang Seng Index fell 49.71 points, to 4,017.98.

Much of the loss came Friday, when the indicator dropped 38.24 points amid fears of the impact on Hong Kong corporations of the investigation by the United States into China's trade practices announced in Washington on Thursday. Analysts said the threat of retaliation was taken seriously by investors because Hong Kong is the main entrepot for China.

London

LONDON — A weakening pound and a surge in the polls by the opposition Labor Party sent prices sharply lower on the London Stock Exchange.

The Financial Times-Stock Exchange 100-share index shed 69.1 points during the week, to finish at 2,555 on Friday. The FT-30 index lost 64.2 points, falling to 1,953.9.

Weakness in the pound undermined hopes for a cut in interest rates. A fall in inflation to 4.1 percent in September from 4.7 percent in August was not enough to lift the market.

Troubled British Aerospace remained in the spotlight. Sir Graham Day, the company's chairman, dismissed takeover talk, and prospects of a bid receded after shareholders backed a £432 million rights issue. BAe closed Friday at 371 pence, down 44 pence, or 10.6 percent, on the week.

Eurotunnel lost 12.5 percent on disclosures of a four-month delay on the scheduled date for full operations and a one-year postponement of the first dividend payment.

Milan

A strike by brokerage clerks on Friday shortened a dismal trading week on the Milan exchange. The MIB index closed at 1,011 points on Thursday, a loss of 2.88 percent for the week.

Average daily volume was stable at 35 million shares worth 98 billion lire.

The strike was called to protest against job cuts threatened by market reform, which provides for setting up securities intermediation companies. The clerks are demanding they get priority for jobs in the new companies. They are also demanding guarantees relating to early retirement.

The work stoppage added to the woes of a market already suffering from a lack of interest by investors worried about the Italian economy and ballooning budget deficits.

Paris

Pessimism over the prospects of a cut in interest rates dampened sentiment on the Paris Bourse. The CAC-40 index lost 0.98 percent during the week, closing at 1,833.82 points on Friday.

With a rate cut by the Bank of France apparently ruled out for the time being, investors were at a loss in the search for leads.

Singapore

The Singapore Stock Exchange posted slight gains in a week of cautious trading. The Straits Times industrial index gained 0.07 points, closing at 1,352.37 on Friday. The broader all-Singapore SES index lost 1.58 points, to 372.21.

Average daily volume was 41.1 million shares worth 77.9 million Singapore dollars.

Tokyo

Prices tumbled on the Tokyo Stock Exchange as investors turned wary after six bullish weeks.

The 225-issue Nikkei Stock Average closed the week at 24,152.72 yen Friday, a loss of 444.18 yen, or 1.8 percent. The Nikkei index had risen for the six previous weeks.

The Tokyo Stock Price Index of all stocks listed on the first section of the market fell 29.99 points, to 1,853.33.

Daily volume was 312.9 million shares, worth 349.7 billion yen; down from the previous week's 481.3 million shares, worth 530.4 billion yen.

Analysts said many investors stayed away to await the impact of the stock trading suspensions imposed on the Big Four securities firms starting on Monday for compensating favored clients for losses.

Zurich

High Swiss interest rates and worries over inflation combined to send share prices lower on the Zurich stock exchange. The Swiss Performance Index lost 11.4 points, or 1 percent, during the week, to close at 1,079.10 points. Volume was low.

An announcement of plans to expand into Eastern Europe was not enough to lift Brown Boveri, which lost 140 Swiss francs, to 4,320.

In chemicals, both Ciba-Geigy and Sandoz posted slight gains.

Seoul Denies Politics in Hyundai Tax

Compiled by Our Staff From Dispatches

SEOUL — Prime Minister Chung Won Shik has denied a political motive for an investigation into possible tax evasion by South Korea's biggest conglomerate, Hyundai.

"There is no political reason for the tax probe. It will be conducted fairly but sternly," a National Assembly spokesman quoted Mr. Chung as telling parliament Saturday.

Mr. Chung was asked by an opposition member, Yang Sung Woo, to comment on reports that the tax investigation into Hyundai was because it was being uncooperative in providing political funds for President Roh Tae Woo's ruling Democratic Liberal Party.

Mr. Roh's government must hold general and presidential elections next year.

The Office of National Tax Administration is investigating whether Chung Ju Yung, founder of Hyundai, and his family tried to evade inheritance and donation taxes by illicitly transferring shares of Hyundai companies.

News reports said the government was planning to charge the Chung family for nearly 100 billion won ($133 million) in back taxes.

(Reuters, AFP)

Bull's Value Set at 5.6 Billion Francs

Agence France-Presse

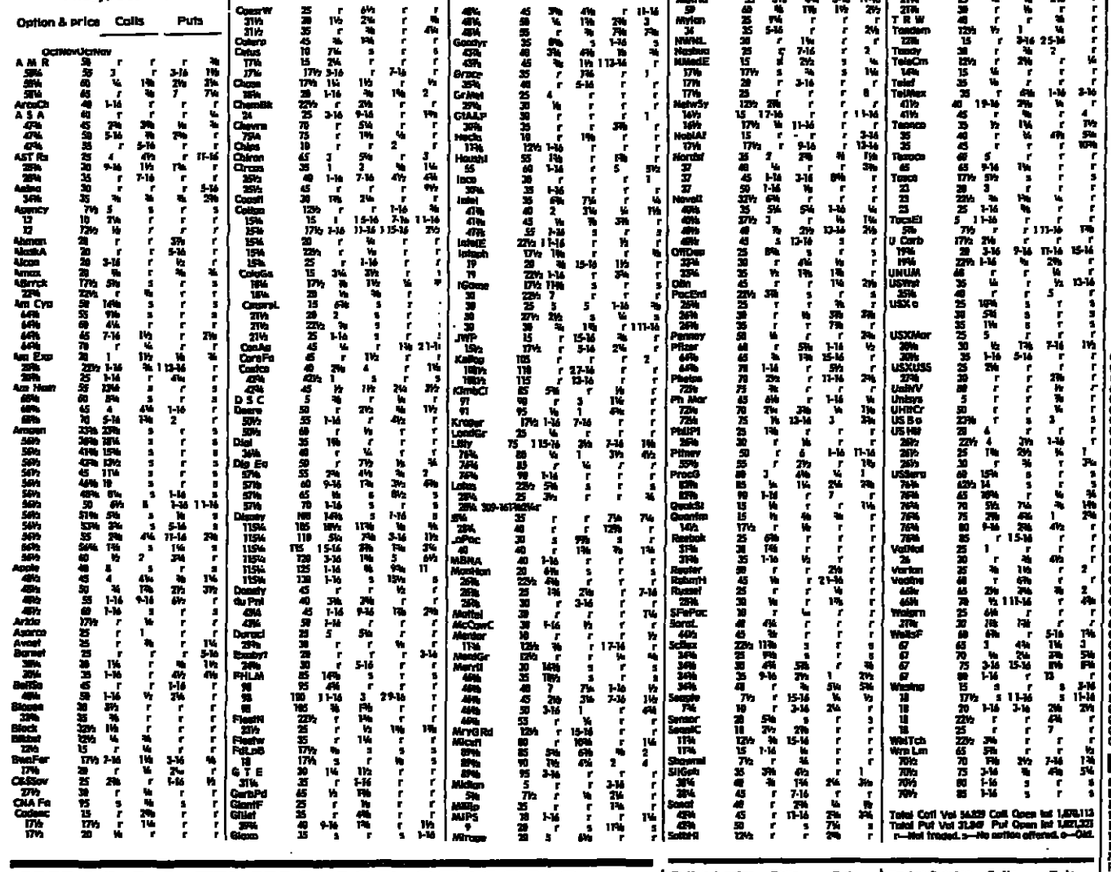
PARIS — Compagnie Machines Bull, the French computer maker, was estimated to be worth worth at least 5.6 billion francs ($976.3 million), according to the panel charged with evaluating the value of state-owned companies, the government's official journal said Sunday.

NEC Corp. is to take a 4.7 percent stake in Bull Machines by the end of the year, under an agreement reached in July. To buy into Bull, NEC dropped plans for a 15 percent investment in Bull's U.S. subsidiary, Bull HN Information Systems. The 15 percent stake was seen as too high by the French government, which suggested the new arrangement.

The agreement allows the government to buy back the 4.7 percent Japanese share. France currently controls 93 percent of Bull — 76 percent directly and 17 percent through France Telecom.

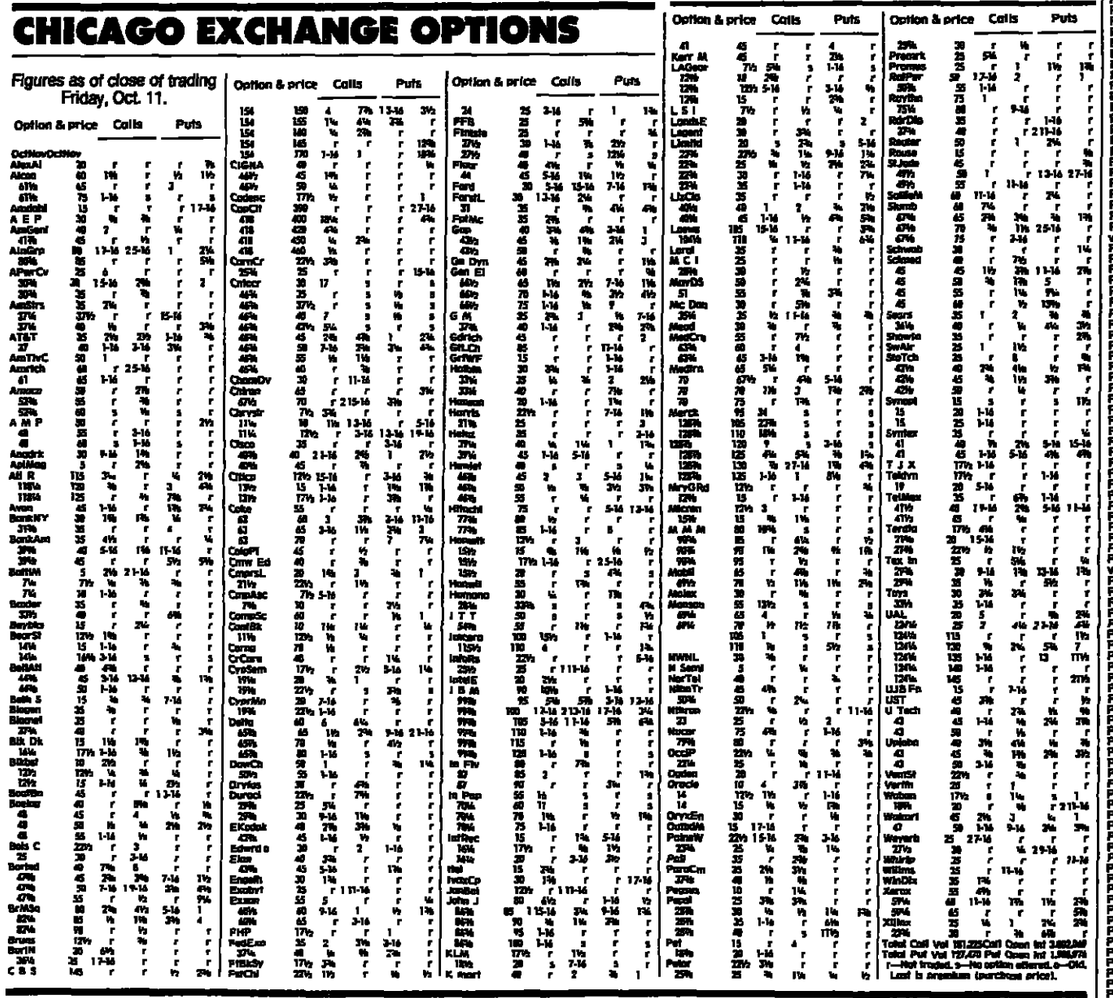
AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, Oct. 11.



CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, Oct. 11.



NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Oct. 11.
(Continued)

	Sales in 100s	High	Low	Close	Net Chge
OilDri .24	14	3114	18	17	— 1
OldKnt 1.16	3.6	1891	32¾	31½	+ ½
OldNB .36	3.0	85	25¾	27½	25¾ + ½
OldStn .60f		3584	3	3¼	— ¼
OldS pfB 1.80		1418	13	3½	5¾ — 6¾
Olympus		16	5¾	6	6¼ — ¼
OmniCa .44	2.5	2517	4¾	16½	17¾ — ¼
OmniFilm		394	5¾	4½	4¾ — ¼
Onbcp .28	1.5	2415	19½	18¾	19 — ¼
Oncogen		18422	4¾	5¾	5¾ + ¼
OneProc		2929	7¾	8	8¼ + ¼
OneVal 1.12	3.5	121	32½	31¾	31¾ — 1
Optek		81	2¼	1⅜	1⅜ — ⅛
Optics .06e	.7	1868	8¼	7¾	8⅛ + ⅛
OptiCR		1889	25	24	24 — 2¾
Opto		12	1¾	1¾	1¾
Optric		3026	18¼	17	17½ — ¼
Oracle		46265	14¾	13¾	14 — ¼
Orbit		1405	4¾	4¾	4¾
OrbSci		2153	16¼	14¾	14¾ — ¼
OregMet .31e	3.9	1166	8	8¼	8
OrnitPd		181	16½	11	11
OrthoH		596	6	5¾	5¾ — ⅛
OrthoSy		1497	28	25	27¼ +1¼
Osborn		2228	5¾	4½	5¼
OshBA .47e	1.2	3970	34¼	31¼	32¾ — 1½
OshBB .36e	1.5	2	24½	24½	24½ — ½
OshT B .36	3.8	860	10¼	9½	9½ — ¼
Oshmn .05t		27	5¾	4¾	4¾
Osmnc s		133	19½	18½	18⅝ + ⅛
Osteotch		2419	13½	12	13¼
OtrSec		1170	25¾	24¾	25 — ¼
OttrTP 1.60	5.1	201	32¼	31½	31½ — ½
OutStk		1807	27¼	24½	26 — 1
Outlet		384	6¾	6¾	6¾ +1¼
OvenGro		2510	19¾	17¾	19¾ + ¼
OxfdHlt					

	Sales in 100s	High	Low	Close	Net Chge
P&F	7	1¼	1¼	1¼	
PacRim	3301	7⅛	7	7	— ⅛
PAM	28	5¾	5	5¼	— ¼
PCA Int .16e	.7	71	25	24¼	24¼
PDA		421	10½	10	10¼ + ¼
PHP s		2353	27¼	25½	27 + 1¼
Pacar 1.00	2.2	2715	47½	45½	46½ + ¾
PacAgr		85			
PacBcp		22	4½	3¾	4½
PacDuni 1.21e	7.2	199	16¾	16¾	16¾ — ⅛
PacInit		136	¾	¾	¾
PacNuc		425	6¾	6¼	6¼ — ¼
PTelcm 1.26	4.5	447	29¼	28½	28¼ +1¼
PacHO		2720	26½	26½	26½
PagNet		1797	9¾	9¼	9¼ — ¼
Paffed .05t	1.1	74	5¾	4¾	4¾ — ¼
Pamrap .08p	.9	271	9¾	8¾	9¼ + ¼
Pantcr		38	4½	4½	4½
PanzAir .17	3.1	4526	5½	5½	5½ — ¼
PanmTcs		10260	34¾	31	32½ — 1¼
ParlseU		2	3¼	3¼	
ParkC		252	14¾	14¾	14¾ — ½
ParkNs 1.32	2.9	69	46¼	45¼	45¼ — ¾
ParkOh		144	3¾	3	3
PrkvlFn .44	3.4	70	13¼	12¾	13½
Parkwy .80	14.5	24	5½	5½	5½
Parlex		10	4	4	4 + ¼
Patlas		353	4¾	3¾	4¼ + ¼
Patrkl		15	5¾	5¼	5¾
vjPaulH		940			28 + 1
Paychex .20	.7	1761	28	26¾	28 + 1¼
Payco s		1	14¼	14¼	14¼ — ¼
PeerMf .50	4.2	187	12¾	11½	11¾ — ¼
PemmEn 2.20	8.1	245	28¼	24½	27 — 1
PenTrf		162	19	17½	18 — ¼
PennVa 1.80	4.3	62	43¾	41	41¾ — ¼
PennRE .36e	2.7	1	13¾	13¾	13¾ — ¼
Pennlls		1265	8¾	8¼	8¼ — ¼
Pentair .92	2.6	981	36¾	36	36 — ¼
Pentrpt 1.50	5.4	32	27¾	27¾	27¾ — ¼
Pentron		1	9¾	9¾	9¾ + ¼
Pemest		193	24	23	23½
PeoFst .56	2.4	7	23¼		23½
PeoBCp .44	2.6	28	16¾	15¾	16¾ — ¼
PeBCWar 1.34	5.4	44	25¾	22¾	25 — ¼
PeopCo		570	17	17	17
PeopBk .48	2.8	1	17	17	17
PeoplnT		805	27¾	27¾	27¾
PSBBcp		58	11¾	11¾	11¾
PeoplsFn .48	7.8	9	6¼	6¼	6¼
PeopTl		725	6¾	6¾	6¾
PeoWsl .48	3.5	251	14¾	13¾	13¾ — ¼
PerkTc		262	5	5	5
Perot		3451	43¾	34¾	34¾ — 8¼
PetDv		363	5¾	5¾	5¾
PETCO		3515	4¾	4	4¼
Petrlie 1.12	5.1	597	22¾	21¾	21¾ — ¼
Petrnm		190	19¾	19¾	19¾ — ¼
Petrtne		2	1½	1½	1½ — ⅛
PharmMg		1596	9	8¾	8¾ — ¼
viPharmk		8975	1¾	1¾	1¾
Pharm		1177	11¾	10¾	11¾ + ¾
PhaseRe	.28	2.1	337	16	13¾ — ¼
PhaseTc		3542	7¾	7	7¾
PhaseC		150	3¾	3¾	3¾
Phatrin		2151	14¾	12¾	13¾ — ¼
PhrmaIn		200	19¾	19¾	19¾
PicSave		32659	19¾	18¾	19¼ + ¼
PicCafe .48	5.5	167	9	8½	8¾
PicTel		9142	36¼	32¾	33¾ +1½
PiedAn		14	14¾	14¾	14¾
PiedFs .72	5.1	36	24¼		14¼
PiedMg		270	10	9¾	9¾
Pinkrtn		2703	23½	22¾	23¼ — ¼
PinnSys		816	11¾	10¾	11¾ + ¾
PinclFn 1.68	5.5	10	30½	30½	30½ — ½
PionBc		21	11¾	11	11
PioFBc		147	19¾	17½	17½ — ¼
PionFn	.10e	1.2	923	17½	18¾ + ¼
PionPh .20	1.2	2597	20¾	20¾	20¾ — ¼
PionSv .92	6.6	678	23¾	20¾	20¾ — ¼
PipeDr		93	39½	35¾	35¾ — 3¾
PipeRat 1.28	3.5	25	5¾	5¾	5¾ — ¼
PlasLn		1080	26¾	24¾	24¾ — ¼
PlatTcs		5520	19	17	17 — ¼
Playcra		2	2¾	2¾	2¾
Playtex 1.00	4.4	422	23¾	22¾	23 — ¼
PlazaSc	.32	2.8	1138	12	11½
PogoAsc s		1	12	12	12
PolbyFn		2	6¾	6¾	6¾
PolkAu		22	6½	6¼	6¼ — ¼
PoncFd		55	3¼	3¼	3¼
Ponder		1227	7¾	7¾	7¾ — ¼
Pooltk		1208	7¾	7¾	7¾ — ¼
PopeRes		239			39 + 1
PortBk .48	4.7	3895	11½	10¾	11½ + ¾
Possis		1515	9¾	9¾	9¾ — ¼
PoughSv		359	11¾	11¾	11¾ — ¼
Powell		174	9¾	9¾	9¾ — ¼
PrecStd		1457	6¾	6¾	6¾ — ¼
PrimBc			44¾	44¾	44¾ — ¼
PrimFn .36e	2.1	80	15½	14	15 — ¼
PrimLf .09	2.8	1342	3¼	3¼	3¼
Primtk		2897	29¾	29¼	29¾ + ¼
PrimCp .28t		1076	9	8	8¾
PrideCo		30098	57½	54½	57¼
PSS Prb		500	2	2	2
PrctTr .44	1.8	1682	26½	25¼	25¼ — ¼
Pricer		830	3¾	3¾	3¾ — ¼
PridePt		6934	4½	4¼	4¼ + ¼
Prima		10	7¾	7¾	7¾
PrimBcp s .36	2.6	5191	11	9¾	10 — 1
PrmBcs .28	2.5	55	8½		8½
PrimeMd		647	9	8¾	8¾ — ¼
PrimFnx		1	6¾	6¾	6¾
PrimHlt		957	8	8	8 — ¼
Procyt		2707	7¼	6¾	6¾
ProCop .16	.9	342	18¾	17¾	18¾ — ¼
ProfTtl		23	9		9
Profnkl		61	6	5¾	5¾ — ¼
ProgFn		52	2	2	2
ProgSft		3098	43¾	39½	40 — 1¼
ProgTk		77	7¾	7¾	7¾ — ¼
Proarp .20t		5	6	5	6 + ¼
ProaCo .20e		272	1¾		1¾
ProtLife .84	3.9	21	22	21½	21½ — ¼
Protein		958	14¼	12¾	13¾ + ¼
PrvWsr .16	2.5	2	4	4	4
PrvBc .28	2.8	2	28¾	28¾	28¾
PrvBksh .28	2.5	880	8	8	8 — ¼
PrvLfA 1.20	5.8	1434	17¾	17	17 — ¼
PrvLfB 1.00	5.4	7372	20¾	18	18¾ — 2¼
PSInc		1557	14¾	14½	14½ — ¼
PSMC 1.10	6.3	259	17¾	17	17¾ — ¼
PubEq		22			
PubSBc 1.04e	4.1	3048	26¼	24¾	25½ — ¼
PubSqB .52	3.4	444	16	15¾	15¾ — ¼
PuffzPb .32	2.3	68	22¼	21½	22½ — ¼
PulseEn		6205	25	21	21 — 3
PurHlthn .12	.5	2	23½	23½	23½
PutnTr .48	5.6	1	15¾	15¾	15¾ + ¼
PyrmT		4719	15¾	14½	15¾ + ¼

	Sales in 100s	High	Low	Close	Net Chge
Quikrs .25	3	2¾	2¾	3	+ ⅛
Quotrn	3246	5¼	4¾	5	+ ¼
Qume 297	1¾	1¼	1⅜	+ ⅛	

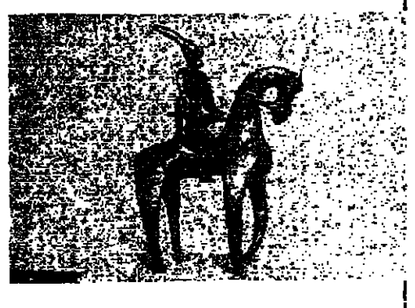
	Sales in 100s	High	Low	Close	Net Chge
R&B Inc	715	7¾	6¾	7⅛	+ ⅜
R-TEK	880	6¼	5	5¼	— 1⅛
RELM	241		3¾	3¾	
RFIInd .68	3.4	2046	20¾	19½	19⅝ — ¼
RS Fnl	170	9¾	7¾	7¾	— ¼
RaddeEls	693	9¼	8¾	8¾	— ¼
RadSys .10	.5	2778	22¾	20	21¼ — 1¼
RadSus	2023	6¾	6¼	6¼	+ ⅛
RagShp	605	9¼	9	9¼	+ ¼
RailFS .15e	1.2	18	13¼	12¼	12¼ — ¼
RailTc	1487	15¾	14¼	15⅜	+ ⅛
RailVs	1579	8¾	8	8¾	+ ¼
RamFin .40	5.2	12	7¾	7¾	+ ¼
RamHO	5353	16	13¾	16	+ 2¼
Ramsay s	3573	13¾	12	12¾	— ¼
RanBc .40	4.7	22	8¾	8½	8½ — ¼
RareOp	5702	14¼	13	13½	— ¼
Ratner .48e	15.5	499	5	4	— ¼
Ratnr pf .47e	6.7	13991	7¾	7	7 — ¼
Ravch	1	2¾	2¾	2¾	— ¼
Rayfnd	150	29¾	29¾	29¾	— ¼
ReLife	1545	16½	15	16½	+ ¼
ReadyA	28	10¾	10¾	10¾	+ ¼
Reapfc	7	17	17	17	— ½
Recotm	53	5¼	5¼	5¼	— ¼
RedEls	229	3¼	3⅜	3⅜	— ⅛
RedLwl	47	4¾	3¾	3¾	+ ¼
Redpk	287	4¾	3¾	4⅛	+ ⅛
Refich	2	7¾	7¾	7¾	— ¼
RegCr	759	1¾	1¾	1¾	— ⅛
RegEye	45				
Regenrn	8388	16¼	15	15¾	
RelSBc .40	4.7	1	8½	8½	12¾ — ¼
Reliab	2343	12¼	9½	10½	— 2
RelnbCp	208	12	10¾	11½	+ ¼
Relnsh	13	1⅝	1⅝	1⅝	— ⅛
RenCo	1935	9¾	8¾	8¾	+ ¼
RenIndl	2765	6¾	6¾	6¾	— ¼
Renop	1012	5	4¾	4¾	— ¼
Rentkn	5308	17¾	15	16	+ ¼
RepBcp	66	8¾	8¾	8¾	— ¼
RepCap	2	2¾	2¾	2¾	— ¼
ReprNt .40	3.0	435	20	19	19¾ — ¼
ReshHl	367	11¼	10¾	11¼	+ ¼
RsPrcA	32	9	7½	7½	
RsrcSys 1		1	7¾	7¾	— ¼
RestWst	1605	19¾	19	19	— ¼
Retinid	3509	24	22¾	24	+ 1¼
Retind .10e	7.8	121	1¼	1¼	— ⅛
RicAm	121	1¼	1⅛	1⅛	— ⅛
Riegle	373	25	24¾	24¾	— ¼
RienerI	394	4¼	4¼	4¼	— ¼
Rivnkd 1.05e	2.2	9770	48¾	47¾	48¼ — ¼
RiverFt .80e	14.5	77	6¾	5¾	6¼ — ¼
Rexhall		16	3¾	3¾	
Rexon		4192	7¾	7¾	7¾ — ¼
Rexnrd		1	3¾	3¾	3¾
Rheaml		268	3¾	3¾	3¾
RibInm		7101	7¾	6¾	6¾ — ¼
RichEl .16	1.9	105	8½	7½	8½ + ¼
RidaM .60e	3	1	20	20	20 — ¼
RidgInl		916	6¾	6¾	6¾ — ¼
RipsNt .20t		5973	8¾	8¼	8¼ — ¼
RishMg		7237	17	16½	16¾ — ¼
RiteAid		3642	3¾	3¾	3¾
RiverSo .40	1.2	4	34½	34	34 — ¼
RivrsGo .25	2.9	20	8¾	8¾	8¾ — ¼
RivrNtl		2037	10½	9¾	10 — ¼
RoTech		2037	11½	11¼	11¼ — ¼
RobMM		1			14 + ¼
RoboSy 1.20	2.1	7125	57	56¼	56¾ — ¼
RobMel .48e	6.4	162	8¼	7¾	7¾ — ¼
RobMyr .30	.5	71	40½	37	39 + 1
RchCo		1	7¾	7¾	7¾ — ¼
RchPtr		4464	19	16¾	18¾ — ¼
RobNug .08	2.9	20	3¼	3¼	3¼ — ¼
RockCS .42		4359	6¾	6¼	6¼ — ¼
RockFn 1.60	6.7	2364		23¾	24 — ¼
RMcNtl		460	5¾	5¾	5¾
RkMHel		111	5¾	5¾	5¾ — ¼
RocCmtl		9385	19¾	17¾	18¾ — ¼
RovtFn .40	6.0	114	10¾	10	10 — ¼
RoseSh .16e	2.4	638	7	6¾	6¾ — ¼
RoseB .16d	2.4	1342	6¾	6¾	6¾ — ¼
Rosstch		185	18¼	16¾	16¾ — ¼
RossCo		2021	16	14½	15 — ¼
RotoRtr .44	2.7	14	17¾	16	16½ — ¼
Rouge .60	3.4	7636	17½	16	17½ + ¼
RoyAppl		7463	27¼	24¾	24¾ — ¼
RYBPA	1	171	5¼	5¼	5¼ — ¼
Ruletnd		10	5¼	5¼	5¼ — ¼
RyanBck .04	2.3	15	2	1¾	1¾ — ¼
RyanF		13655	9¾	9¾	9¾ — ¼

	Sales in 100s	High	Low	Close	Net Chge
SK	343	13½	12¼	13¼	+1
SCI Sys	4367	7¾	6¾	6¾	— ¼
SCPI	554	4¾	4	4¾	— ¼
SDNB .08b	1.2	8	6½	6¾	— ¼
SFFed .10	.4	478	27	26½	26¾ — ¼
SHL Sy	1998	18¾	16¾	17¾	— ¼
SJW .92e	5.4	4889	5¾	5	— ¼
SLM s .88e	.7	15	5	5	— ¼
SKI s	1431	14¾	13¾	13¾	— ¼
STV	3	5¾		17¾	+ ¼
SabraCo 1.48	3.9	4496	38½	38	38¼ — ¼
SafHlt		537	7¾	7¾	— ¼
SafetyKd		43	7¾	7¾	— ¼
Salves .05e	.6	518	8¾	8¾	— ¼
SJude		14715	52¾	48¾	49¾ — ¼
SJPrpB .40	2.2	3881	19¾	17¾	18¾ — ¼
SJPrpA 2.60	2.4	41	25¾	25¾	25¾ — ¼
SalCar .08	2.1	189	4½	4¼	4¼ — ¼
Salick		547	12	11¾	+ ¼
SalMkt s .80	1.5	1964	53¾	52¼	52¾ — 2
SalemCo		1736	4¾	4¾	4¾
SandFm .30	2.8	51	11½	10¾	10¾ — ¼
SandReg		40	14¾	14¾	14¾
SndCnt		48	9¾	9¾	9¾ — ¼
Sandata		104	19¾	19¾	19¾ — ¼
Sanford .24	.9	2181	26	25¾	26 — ¼
SavnFd .48	2.5	813	19¾	18¾	19¼ + ¼
SavnOp		194	3¾	3¾	3¾
SavnBk .24	1.0	2240	24	23¾	24 — ¼
Schnitz .12	.5	24	13½	12	13 — ¼
SciGen		593	20¾	19¾	20¼ — ¼
SciSpcs		257	3¾	3¾	3¾ — ¼
SciTch .08	3.0	9	2¾	2¾	2¾ — ¼
Scimed		2977	45	39¾	44¾ — ¼
Scitex .37e	1.1	7465	38¾	33¾	34¾ — ¼
SocTyV .08t		181	6¾	6¾	6¾ — ¼
Softech		19	2¾	2¾	2¾
SftwFb		4609	28	18	19½ +1
SoftSpc		578	12¾	11½	12

	Sales in 100s	High	Low	Close	Net Chge
Softwx	4562	4¾	4	4¼	— ⅛
Solctr	2774	26	22¼	23¾	+ 1⅜
SolmDs	19934	7	3¾	6½	+2⅜
Somrstn	6973	37¼	31¼	32½	— 3⅝
SomBks	69			48	— ½
Sonesta 1.80e	14.8	749	18	17	17
SonicCp	5767	21½	19¾	20½	— ¼
SonicPd .92	2.7	1774	34½	33	34¼ + ¼
Sonora		1796			
SoundA		1462	9½	7	8 — 1½
SoCarF .1		937	13¾	13	13¼ + ⅜
SoCrNt .80	2.1	3563	37¾	36¼	37¼
SMcNG .80b	2.1	54	15¾	15	15¾ — ¼
SoestSv .12e	1.6	769	7½	6¾	7½ + ¼
SoCalW 2.20		208	32	32	32¼ + ¼
SoMinn .10	3.0	32	4	3¾	3¾ + ⅛
SthnGv .16	3.4	20	5¼	4¾	4¾ — ¼
Southst 1.88	3.6	6388	28½	27½	28¼ + ¼
Soumed		97	4¾	4¾	4¾ — ¼
SwstCle		137	4¾	3¾	3¾ — ¼
SwstNt .96	4.4	6	22½	21¾	22
SwstSec		1757	11	10¾	10¾ — ¼
SwstWtr .92	5.3	68	17½	17	17½ + ½
SwstUtl 2.64	4.9	50	49½	49½	— ½
SovBcs		272	9¾	9¾	9¾
SpanAm .08	1.5	62	5¾	5¼	5¾ — ¼
SpartMt s		3534	28	24¾	25¾ — 1¼
Spectar		585	3¾	3½	3¾ + ¼
SpecMu		250	5¾	5¾	5¾
SpdDv		2586	12¼	11¾	11¾ — ¼
Spectrm		3578	14¾	12½	13¾ +1
SpecCtl		391	1¾	1	— ⅜
Spiesel .28e	1.9	1653	15½	14	14¾ — 1
Spinnkr		742	3	2¾	2¾ — ⅛
Spire		104	4	2¾	4 +1⅛
Sprague		5276	1¾	1	1¼ + ⅛
SprBkd		1200	4¾	4¼	4½
SpdMic		265	28½	27	27
SpdRes .56	4.0	1034	14¾	13¾	14¼ — ¼
StdTrm		932	9¼	8	8 — 1¼
Stansby		550			
Stndyn 1.00	2.8	2313	36¼	34¾	35¾ — ¾
Stanlm wt		200	⅞	¾	¾
Staples		5296			



EXPORTS OF INDIA



Radical Changes Bode Well for Exports

The aim of the radical economic reforms introduced by the government of P.V. Narasimha Roa is for exports to account for 15 percent of India's gross domestic product, as opposed to the current 6 percent to 7 percent.

India's share of world trade is a mere 0.5 percent. Even with the planned increase, it will still be no more than 1 percent. To reach this level, exports will have to grow by 15 percent to 20 percent per year by the middle of the decade.

Jayanta Roy, the economic adviser to the Ministry of Commerce, says that growth of this order is entirely realistic. "I would say that we would

Incentive package to be announced in early '92

definitely not be below 20 percent and maybe higher," he says.

The ministry is planning to identify 20 areas of high potential for export growth. By early next year, the government will come forward with a package of measures designed to encourage and provide incentives for these 20 industries in the expectation that they will be able to push up their exports by 30 percent to 50 percent per year.

Among the industries most likely to be included in this fast-track strategy are: agriculture and processed foods, marine products, textiles, garments, chemicals, engineering and computer software, primarily in the field of data processing.

Although the government is making an all-out effort to help businesses expand their exports and thus plug India's worrying balance-of-payment deficit, there is an awareness that the state should not fall into the old trap of trying to impose its own ideas on the way that businesses are run. "The slogan of the 1960s and early 1970s was nationalization," says Hemendra Kothari, chairman of the DSP Financial Consultants brokerage and president of the Bombay stock exchange. "Now it's exactly the other way round."

Labor costs are relatively low in India, ranging from $1.20 per day for unskilled workers to $8 for skilled workers, but other costs are high. According to Tarjani Vakil, an executive director at the Export-Import Bank of India, this means that Indian exporters cannot rely solely on price competitivity. "There is a quality which has enabled them to reach markets overseas," he says. He also believes that India is better placed to move into the higher technological levels of exports than competitor countries such as Pakistan, Bangladesh and China.

The old system of licensing and highly bureaucratic foreign-exchange controls was stifling the potential of the country's exporters. Evidence for this is contained in a study of the pharmaceutical industry carried out by the Export-Import Bank. The study shows that the overwhelming majority of respondents were deterred from exporting as a result of cumbersome export procedures and the mass of licensing controls.

The government has now tackled problems of this kind at their root. In little more than three months, it has chosen to shrug off its minority status and move rapidly to confront the problems that were threatening to cripple the economy.

This has been welcomed by business leaders. Mr. Kothari says that July 24, the day the reforms were announced, was a red-letter day in the history of India's economy. "Everyone is now trying to explore international markets to see where they can sell," he says.

"India cannot stand in isolation and say we won't break with the past," says N.G. Pillai, the chief general manager at the State Bank of India. "If our economy is to be integrated into the world economy, some of the demands of the world economy have to be met."

"I have never seen so many good things announced in one go," says Razak Allana, head of Allanasons, one of India's leading export companies. Pradip Shah, the managing director of the Credit Rating Information Services of India Ltd., the country's leading credit rating agency, stresses that export performance cannot be transformed overnight. "But the message is clear," he says. "There are profits to be made from exports. This is helping to create an export mentality. Not everyone will be able to get into export markets, but everyone will look at the possibility and start thinking in these terms."

Rakesh Mohan, the government's economic adviser, sees the current reforms as "a culmination of a process" that started in the early 1980s. He warns that the brave new world of deregulation, increased emphasis on free markets and less government intervention cannot be expected to yield immediate results. He says that during the transitional period there will be problems of sustaining economic growth without the previous heavy infusion of government expenditure.

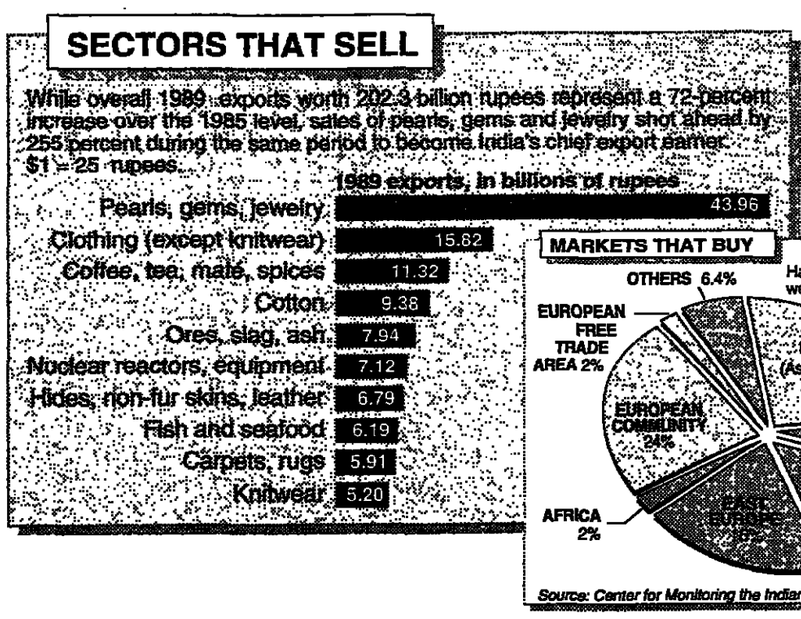
He also points to the dangers of inflation, now running at some 14 percent to 16 percent per year. The problem for exporters is that inflation could cancel out the benefits of the 18 percent devaluation of the currency that has taken place since

Continued on page 18

SECTORS THAT SELL

While overall 1989 exports worth 202.3 billion rupees represent a 72-percent increase over the 1985 level, sales of pearls, gems and jewelry shot ahead by 255 percent during the same period to become India's chief export earner. $1 = 25 rupees.

1989 exports, in billions of rupees



MARKETS THAT BUY

Half of India's exports in 1989 went to Asia and Western Europe

Source: Center for Monitoring the Indian Economy

To Gems, Clothing, Tea — Add Mangoes

The late 1980s were heady times for Indian exporters as an upsurge in world demand, keen price competitivity and a concerted export push combined to raise Indian exports in 1987-88 by almost 25 percent.

In 1988-89, export growth remained strong at 15.5 percent, rising again in 1989-90 to 18.5 percent. Last year's performance, however, was less impressive, with export growth halved to 9 percent. Exports nevertheless brought $18.1 billion into the country in 1990.

The picture in the first half of this year is even more disappointing, with exports, calculated in dollar terms, falling by some 8 percent, although they rose by almost the same amount when calculated in rupee terms. The devaluation of the rupee by about 18 percent since July is the reason for the disparity.

The authoritative Center for Monitoring the Indian Economy forecasts a strong pickup for exports in the second half of the year, so that export performance for the year as a whole will be much the same as in the previous year.

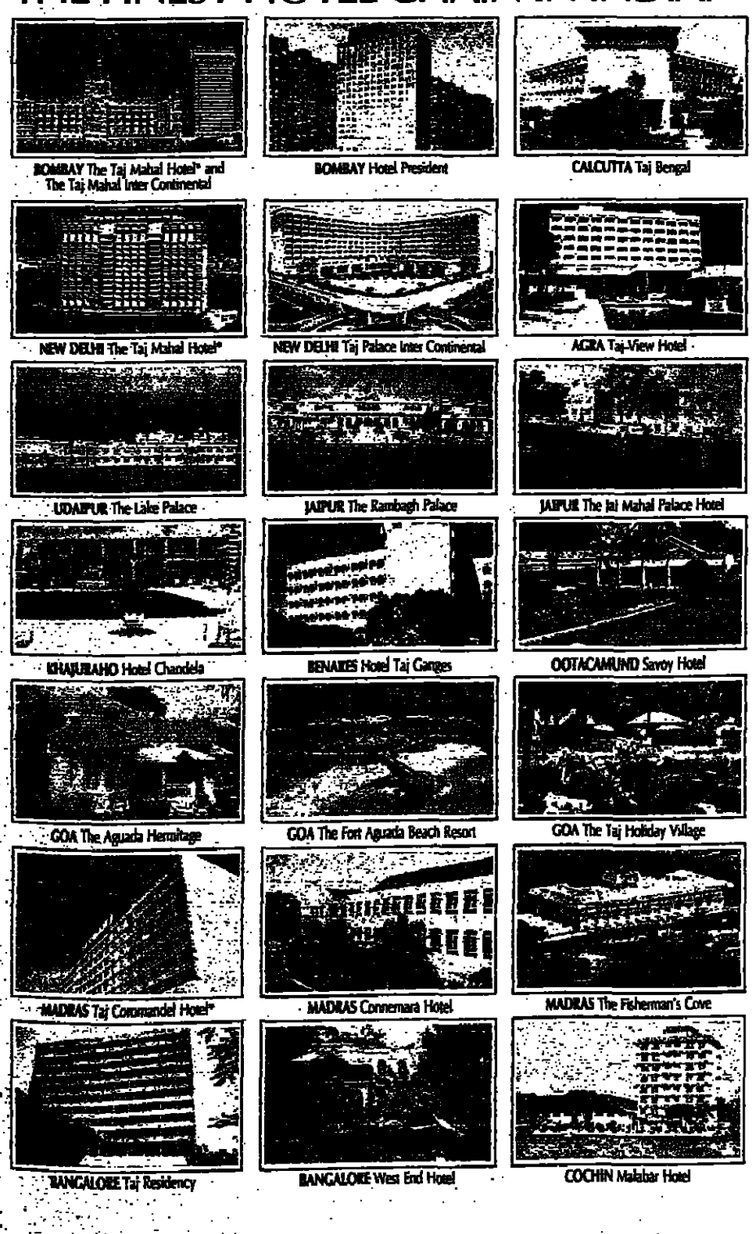
This cautious optimism is shared by Jayanta Roy, economic adviser to the commerce ministry. He says that the economic reforms of the new government, combined with an anticipated recovery of world trade, should push Indian exports up by 15 percent to 20 percent in the coming year and that during the mid-1990s exports "will definitely increase by at least 20 percent, maybe more."

Mr. Roy is particularly enthusiastic about the prospects for the growth of exports in agricultural and marine products and processed food. He sees textiles, garments, chemicals and engineering goods continuing to register a strong performance and is looking at software exports as a star performer of the future.

Parle Agro, a Bombay-based drinks conglomerate, is a good example of the new approach to the export of agricultural products. The company has taken one of India's best-known fruit export items, mangoes, and used them as a base for a packaged drink known as Frooti.

Continued on page 19

THE FINEST HOTEL CHAIN IN INDIA.



Reservations:
The Taj Group of Hotels
Bombay
Tel: (022) 2022524
New Delhi
Tel: (011) 332 2256
UK
Tel: (0800) 282699 toll free
France
Tel: 1905 908338 toll free
Germany
Tel: 0130 2428 toll free
Japan
Tel: 0120 394489
USA
Tel: 1-800-I-LUV-TAJ
(1-800-458-8825) toll free
The Leading Hotels of the World.
Utell International (Worldwide)
(For all hotels in The Taj Group)

The American Express Card is welcomed at all the hotels of The Taj Group.

Membership Has Its Privileges.

Don't leave home without it.

FSAITAJIC/91

THE TAJ GROUP OF HOTELS

How to come calling on India.



Do it in Air India splendour.
First, call on any of our offices in more than 100 locations all over the world.
Choose the Air India flight that suits you.
Then prepare to enjoy a truly wonderful inflight experience.
Hospitality that has been perfected to an art for over 5000 years.
Sumptuous cuisine - of the best India has to offer. (And for those with a Continental palate, we have equally delectable fare.)
The wines are from the most renowned cellars in Europe.
No detail is left unattended. Every comfort is lavished on you.
It's the perfect prelude to a country that has no equal in the world.
Come on over.

एअर इंडिया AIR INDIA

1052

Joining the Global Economy

Finance Minister Manmohan Singh is the man at the center of India's economic reform process. Businesspeople are hailing him as the main architect and driving force behind the plans to revive the economy. Formerly a senior civil servant, occupying some of the nation's top financial posts, he has now joined the rough-and-tumble world of politics. Following are excerpts from a recent interview with him.

If you were to pinpoint the basic objective of the economic reforms, what would it be?

The objective is to ensure that India maintains in the 1990s a faster rate of growth than in the 1980s and that progress toward the elimination of poverty is accelerated. This can only be done by India being part of the global economy.

Why has it taken so long for reforms of this kind to be introduced?

Until recently, our economy was doing reasonably well, particularly in comparison with other developing countries. There was a feeling of satisfaction that things were working out all right. In the 1980s, we had a very low debt-service ratio and a high reserve ratio. However, things changed. There was a sharp increase in imports of crude oil. We were not able to retain our share of international non-conditional assistance. We had to make large borrowings on less favorable and commercial terms, increasing the debt repayment burden.

Then, in 1990, oil prices rose as a result of the Gulf crisis, and we had a political crisis at home. In these circumstances, we found that the bankers were fair-weather friends. This produced a crisis of confidence and forced us to act.

The reforms have been under discussion for the last decade, but in a democratic society, the forces of status quo and inertia are very strong. Only when there's a crisis are you forced to act.

Nevertheless, it seems extraordinary that a minority government would embark on such sweeping reforms.

When we came into office, we could have said that we are a minority government and therefore can't do big things that would have contributed to the development of our country. However, the prime minister said that the crisis was an opportunity to do big things. He is the driving force behind these changes.

'The sky's the limit for foreign participation' since the reforms

Do you think that India might have missed the boat in making these changes? Other countries, which could be considered as India's competitors in world markets, instituted reforms of this kind some time ago.

We may be latecomers, but we can leapfrog, as we can do what other countries cannot do. For example, while some of them are talking about the introduction of the market system, we are already operating it. Between 60 percent and 70 percent of production originates in the private sector. Our people are very familiar with the workings of the market system.

Is there a possibility that a future government would reverse these economic reforms?

In a democracy, no one can be certain that policy won't change. But because we are a democracy, it provides greater assurance that these policies will continue. They have been debated and approved in Parliament. I think it shows that, come what may, these policies are irreversible.

What sort of growth rates do you envisage being produced by the reform process?

In the short term, we're up against a very severe fiscal bind. Therefore, this year our growth will decline, and we expect a relatively modest growth rate next year. But I hope that by next March or April, when we have regained the confidence of our creditors, we can start getting back to growth rates of 5 percent to 6 percent per annum.

One of the most important reforms you are planning is full convertibility for the rupee within three to five years. Are you on course for that major change?

We're already taking steps to allow convertibility in trading accounts through the issue of eximscrips. We have taken the first major step.

Will the last step take as much as five years?

Forecasters have to be very humble these days, but I would say that five years is the outer limit and that without upsets three years is possible.

Looking at the export sector, what tangible results are you expecting there?

We need an annual increase of 12 percent to 14 percent in exports, if we are to grow at the rate I have been mentioning. In a freer environment, we should be able to improve on our previous performance of an annual 10-percent growth rate. It requires a shift of emphasis from trade with the Soviet Union. However, we are not dependent on any single product group or any single country.

What role is there for foreign companies in the export sector?

I would like them to play an important role. In the past, we have not permitted foreign ownership of trading companies; now they are welcome to come in. The sky's the limit for foreign participation.

Now that you've opened the door, do you think that the foreign companies will want to come through it?

It's only two months since we announced the changes. However, the fact that IBM has already agreed to come back, that Ford will come and that there are several investment proposals from Japan and Europe are signals that we're moving in the right direction. It takes time for investment decisions to be made. I want to rely more on direct investment than on loan capital.

What about the problem of protectionism in the industrialized countries? Are you concerned by what looks like the barriers going up in Europe and North America?

If widespread protectionism becomes a reality, all countries will need to worry. But a country like India, which just has 0.5 percent of world trade, need not worry unduly.

Turning to the question of aid, why is India now prepared to accept conditionality on loans from the International Monetary Fund?

That's always been in the cards. We subject ourselves to multilateral scrutiny every year in the context of the Aid for India consortium. We are not against conditionality. We recognize that in a world where capital is scarce, the international community will want to see how their money is used. We only ask that the performance criteria be reasonable and that it take into account the specific conditions of each country.

What would it take to derail the reform process?

First, a strong bout of inflation. Secondly, if we can't mobilize enough international support, and I have to impose an import squeeze, this would mean stagflation. We must have money to reform our infrastructure in the short term.



Finance Minister Manmohan Singh, the driving force behind the economic reforms introduced by the Indian government.

Reforms Lift Curbs on Foreign Exchange

The economic reforms announced by the government of Prime Minister P.V. Narasimha Rao, aimed principally at giving a new impetus to exports, are the most sweeping economic policy changes to have been introduced in India since 1956. It was then that the now widely criticized system of official licensing and government control was brought in.

The aim then was to create a self-sufficient, heavily protected economy. Presenting the new trade policy reforms, Commerce Minister P. Chidambram told the Lok Sabha, India's parliament, that the policies were aimed at "creating strong incentives *to economize on imports* but without resorting to the proliferation of licensing controls which promote delay, spawn arbitrariness and stifle enterprise."

In his landmark speech, delivered on Aug. 13, the minister stressed that trade policy was aimed at providing a "strong impetus to exports" and creating "an environment free from bureaucratic control *in which our exporters will* be able to respond with speed and flexibility to changing international conditions."

Outlined below are some of the economic reforms already introduced.

- **Foreign exchange.** The old system of foreign exchange permits has been scrapped and a new "eximscrip" system introduced, recognizing the need of exporters for foreign exchange and providing a bonus for those who earn foreign exchange. Exporters automatically receive permission to purchase foreign currency equivalent to 30 percent of the value of exported goods. Cutting out the old bureaucratic process, the scrips are promptly issued and can be freely traded. Currently, the scrips are trading at a premium of about 40 percent over face value.

Access to foreign currency that is required as inputs for export trade has been streamlined and speeded up. Most exporters will now be able to obtain advance allocations of foreign currency within 15 days of application.

Exporters are now allowed to open U.S. dollar accounts in Indian banks. Automatic approvals will be granted for the import of capital goods paid for by foreign equity holders.

The rupee has been devalued by about 18 percent since July, with the aim of giving a price advantage to exporters.

- **Licensing.** The whole edifice of licenses for industrial production (which used to regulate the amounts produced) has been abolished in all but 18 industries, including coal, petroleum and cars.

Unrestricted private investment is now permitted in all industries with the exception of 10 areas reserved for the public sector.

- ***Foreign investment.*** Foreign companies are now allowed to take up to a 51-percent stake in Indian companies; 100 percent ownership will be considered for companies that export their entire output.
- **Privatization.** Public company shares are to be offered to mutual funds, employees and the general public up to a level of 20 percent of the total equity.
- **Large companies.** The draconian Monopolies and Restrictive Trade Practises Act is to be amended to give larger companies more freedom. The monopolies commission will be stripped of its formidable powers of intervention in the running of larger companies.
- **Regional policy.** The old policy of directing industry toward certain areas targeted for industrial development is to be amended to make it easier *for companies to establish* new units where they want.
- **Small Companies.** Access to investment and credit is to be improved for smaller companies, with greater protection being offered to employees in hazardous industries.

The following are some of the reforms that will be introduced:

- Significant tariff cuts to be announced in the next budget.
- Import curbs to be reduced by the end of October.
- Reforms in the financial sector promised; as a start, financial institutions have been given greater freedom to fix interest rates subject to a minimum lending rate of 18.5 percent for prime borrowers.
- The rupee is to be made fully convertible within the next 3 to 5 years.
- Other subsidies are to be cut, including, controversially, fertilizer subsidies for agriculture.
- Preshipment inspection for purposes of export quality control is to be streamlined to put the onus of responsibility for quality control on exporters.

Radical Changes A Boon for Exports

Continued from page 17

the new government came into office.

Although Mr. Mohan and everyone else in the government are well aware of the problems in moving so rapidly to a new economic order, they remain highly optimistic about the outcome.

Mr. Mohan believes that stabilization will be achieved in one to two years and that industrial output will start expanding by 12 percent annually from then on. Finance Ministry figures see gross national product expanding by 5 percent to 6 percent per annum and export growth increasing by 12 percent to 14 percent.

These targets seem ambitious but are not unrealistic in view of the growth rates India was enjoying in the early 1980s. "Even in a controlled system we achieved good economic performance," says Mr. Mohan.

"Surely we can do much better now."

Finolex Cables

Your quality connection from India

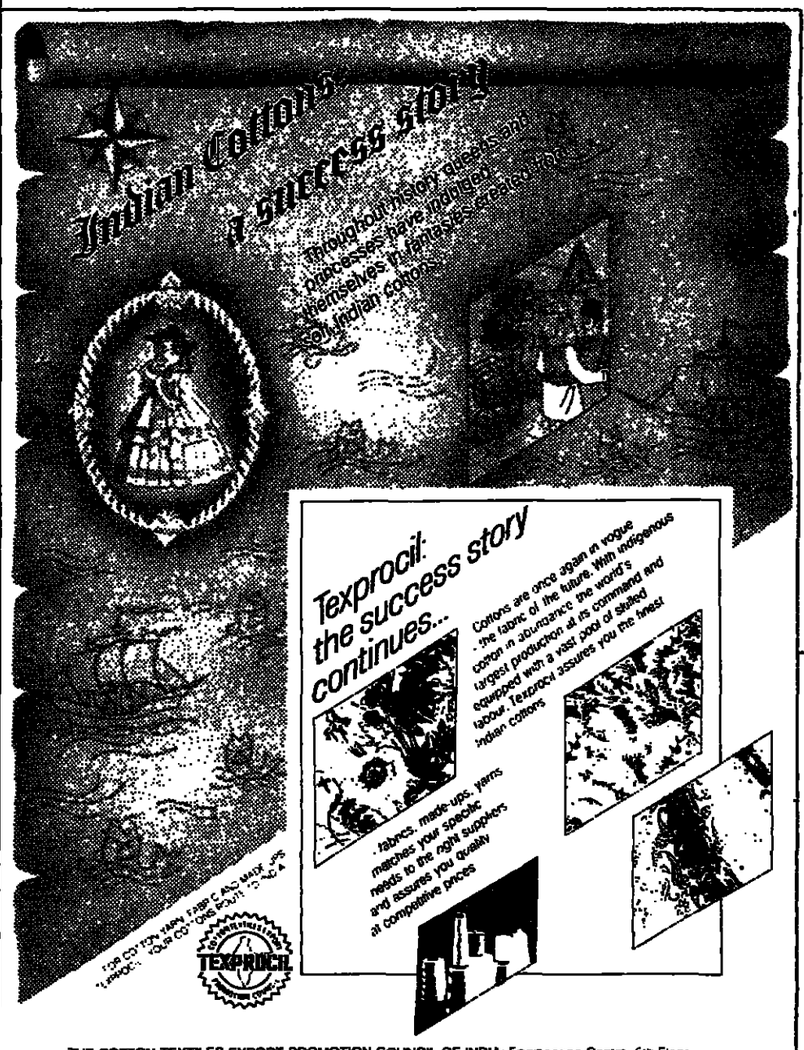


- Jelly-Filled Telephone Cables
- Auto & Battery Cables
- Winding Wires & 3-Core Flat Cables
- Power and Control Cables
- PVC Insulated Cables

A premium range stemming from state-of-the-art cable technology and global quality standards.

Finolex Cables Limited
26/27, Bombay-Pune Road, Pimpri, Pune-411 018 (India)
Fax No. (91)-212-82239
Telex No. 0146-211/271
Phone Nos. (0212) 859634/5, 85036

Sponsored by Engineering Export Promotion Council, India.



THE COTTON TEXTILES EXPORT PROMOTION COUNCIL OF INDIA: Engineering Centre 5th Floor 9-Mathew Road, Bombay-400 004 INDIA Telephone 8282910 to 8282913 Telex 11 - 75466 Fax (22) 8282914
OVERSEAS OFFICE AT FRANKFURT: INDIA HOUSE Mittelweg 49 D-6000 Frankfurt am Main 1 Germany
Telephone (069) 554232 153005-0, Telex 4 14866 CTEPC D Telefax 069 - 554169.

AJMAL & SONS
EXPORTERS & MFRS. OF ALL KINDS OF INDIAN PERFUMES, HERBAL COSMETICS, ESSENTIAL OILS, JOSS STICKS, DEALERS OF AGAROUDH & TEXTILES, READYMADE GARMENTS & ARTISTIC HAND CRAFTED EMBROIDERY
89-C/D MOHD ALI ROAD, P.O. BOX 3138, BOMBAY-400003, CABLE "AJMALSONS" TELEX 011-73855, MUSK IN FAX 009122-342787 PHONES: 327582, 327030

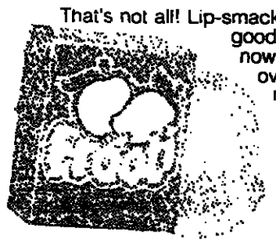
FROM THE HOME OF MANGOES, A DELIGHT CALLED FROOTI!



India, the land of luscious mangoes. And Frooti, India's No.1 tetra-packed mango-based drink. A drink that's won the hearts of people all over India. Purely by its fresh 'n' juicy flavour and its unbeatable real mango taste.

What's more, Frooti is packed in international, aseptic tetrapaks and has a wholesome fresh-fruit base.

That's not all! Lip-smacking Frooti, with the goodness of mangoes is now tickling palates all over the world! And is now being exported to USA, Canada, UK, Spain and the Gulf - all health conscious countries which demand the very best.



Mango Frooti, fresh 'n' juicy!

deCunha PA 21 91

ADI LTD
1644 Concord Street
Box No 3482
Framingham
MA 01701, USA
Tel No. 508-626-0003
Fax No 508-788-1626

For further enquiries contact
Parle Agro Pvt. Ltd.
Western Express Highway
Andheri (East)
BOMBAY 400 099, INDIA
Tel No 6363997 6349809/10
Fax No 635-1436

An invitation from the Indian International...



ITC, a billion dollar Group, is among India's foremost corporate houses. Larger than many Fortune 500 companies, it is the leader in every business in which it operates.

Paper and Board. Packaging and Printing. Tobacco. Cigarettes. Hotels. Computer Software. Oilseeds and Edible Oils... these are only some of the products and services marketed globally by India's largest export house.

ITC's International Business Division operates out of New York, London, Dubai and Singapore. And exports value-added merchandise that is Made in India with pride.

ITC, the Indian International, now invites you to rediscover India.

I.T.C. Limited

International Business Division • India Tobacco Division • Indian Leaf Tobacco Development Division • Welcomgroup—Hotels Division • Agro-business Division • Packaging and Printing Division • Information Systems Division • Bhadrachalam Paperboards Ltd • Surya Tobacco Co. Pvt. Ltd (Nepal) • ITC International Ltd (USA)

Call or Fax: India – Chairman, International Business Division, I.T.C. Limited, 37 Chowringhee, Calcutta 700 071, Fax: 91-33-299398/296523.
Vice President (Internationalisation & Projects). Phone: 91-22-2613493/2613494/2613481, Fax: 91-22-261351/2624467.
Singapore – Phone: 65-2201171/2, Fax: 65-2213683. Dubai – Phone: 971-84-55465, Fax : 971-84-55484.
London – Phone. 44-1-7853522, Fax: 44-1-7801017, New Jersey – Phone: 1-201-3797773, Fax: 1-201-3791473

OUR MISSION: TO BRING PRIDE AND VALUE TO THE LABELS 'MADE IN INDIA' AND 'MADE BY ITC'.

For Tourists, Beaches as Well as Old Palaces

The 1.3 million visitors attracted to India last year represent only "the tip of the iceberg," says Madhavrao Scindia, India's minister for civil aviation and tourism.

Pankaj Baliga, vice president for sales and marketing of the Taj hotels group, India's largest hotel organization, agrees with the minister. Dealing with a total of 1.3 million visitors, he says, "is like a joke considering the product India has on offer. In terms of tourism, it is among the best there is in the world."

Subhash Gupte, chairman and managing director of Air India, has much the same message: "I'm very optimistic about tourist prospects, the reason being that what six or seven countries combined have to offer, we can offer in one country."

Once seen as a destination primarily of historical and cultural interest, India is now starting to demonstrate that it also offers unspoiled beaches, mountain resorts, adventure holidays and all manner of sporting activities.

Mr. Scindia is confident that India can increase its tourist traffic by four to five times in five years. He also believes that foreign-exchange earnings can be boosted by the same amount. Last year, foreign exchange from tourism totaled 22 billion rupees ($880 million), making tourism the largest net earner of foreign exchange. It also generates a considerable amount of employment, directly accounting for some 5.5 million jobs and indirectly providing work for eight million people.

Mr. Scindia wants to get away from the government's previous preoccupation with directly running tourist facilities and concentrate on overall strategy. He says his aim is to develop policy "in such a way as to remove impediments to entrepreneurs who want to enter the industry and through them develop the infrastructure."

The new guidelines are already emerging with a strategy that is more focused than in the past. "Every square inch of this country has some piece of significant historical interest attached to it," says Mr. Scindia. "Therefore, we have to concentrate our efforts. We can't spread ourselves too thinly over the whole country."

Fifteen areas have been earmarked for special tourist development, including Kulu Manali in the north, Goa and the state of Kerala in the south. They range from major historical sites to beach locations and mountain resorts.

Well-established places such as Delhi, Jaipur and Agra (home of the Taj Mahal) will be left to get on with their business. Elsewhere, old palaces and forts are being redeveloped as luxury hotels. Another project that is working well is the luxury train service for tourists using refurbished carriages that once carried the maharajahs across the country.

"We want to promote the Indianness of the country," says Mr. Scindia. "We want to stress that this is not just another place to go. The lure of India has to be there."

As part of this process, the national flag carrier, Air India, is reverting to a more assertively Indian style of design. The planes' windows will again be decorated in the Mogul style, and the half man, half horse centaur will be brought back as its logo, replacing a more modern and international sun symbol.

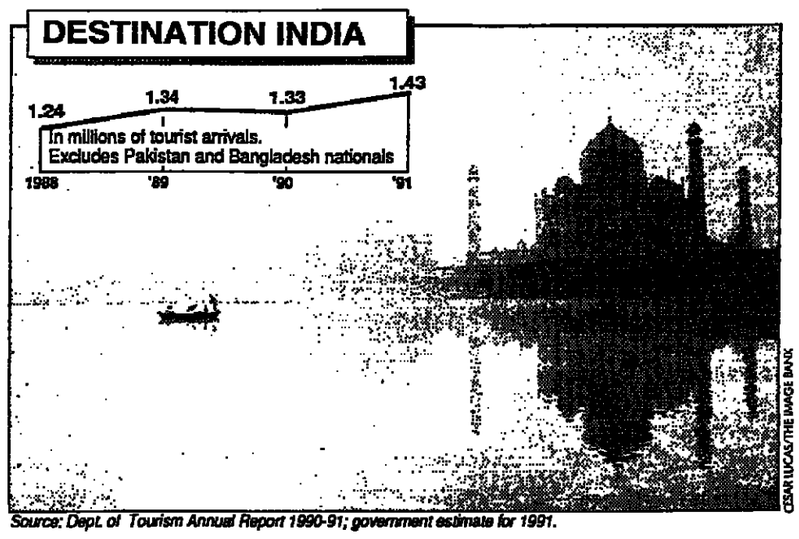
Air India's Mr. Gupte sees the airline's role as integral to promoting the country itself. "In our publicity campaigns, we will talk about India in general," he says. "We will talk about it being a good place to do business as well as being an attractive destination for holidays."

India has two major tourist seasons, leaving some four months of the year with a relatively low amount of business. Stimulating conference and convention business would be a great help.

The Taj group, for example, already has world standard facilities to cater to such gatherings. Other leading hoteliers are gearing up for meeting the requirements of business travelers.

The decision to make 1991 Visit India Year was a "good idea, helping to focus people's attention," Mr. Scindia says, but it has been a disappointment. "Despite our hundreds of astrologers," he jokes, "no one could forecast the Gulf war, nor that 1991 was going to be an election year bringing some turmoil. That's unfortunate, but it's behind us."

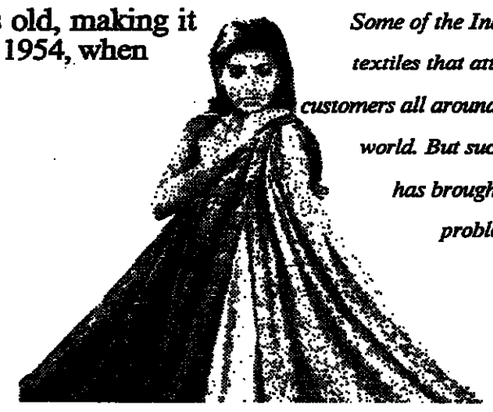
Mr. Scindia forecasts that the last quarter of the year will more than compensate for the downturn in business during the first half and that the number of arrivals could rise by 8 percent to 10 percent by the year end. He says that there should be two million arrivals next year and a real takeoff in the following year.



Source: Dept. of Tourism Annual Report 1990-91; government estimate for 1991.

Textiles Are Winning the Struggle Against Quotas

India's cotton textiles industry is some four hundred years old, making it the nation's oldest industry. Yet it only started exporting in 1954, when the first shipments of cloth were made to Britain.


Some of the Indian textiles that attract customers all around the world. But success has brought its problems.

"We were importing fabrics from Lancashire," says M.M. Ratnam, the executive director of The Cotton Textiles Export Promotion Council. "Then we saw that we could make just as good fabrics, so we said why not send our fabrics to England instead of them sending fabrics here?" The export business then spread to other European countries and from there, around the world.

Success brought problems, however, and by 1975, the major import destinations for Indian textiles were imposing quotas. Nevertheless, exports have risen without respite for the past two decades, and some 15 percent of the industry's total output is now sold outside the country.

Business has held up particularly well this year, despite the problems affecting other industries. Sales in the first half of the year rose by some 30 percent, to 14.81 billion rupees ($592 million), compared with the same period last year.

Particularly pleasing for the industry is the fact that the growth has included all products. Increased sales to major customers, including Britain, the United States and Germany, have counterbalanced a sharp decline in business with the Soviet Union.

Nevertheless, Mr. Ratnam says the industry is making efforts to develop more sales in non-quota areas, such as Southeast Asia, where Indian textiles enjoy unrestricted access.

The Multi-Fibre Agreement, whose renewal for another 17 months is being negotiated, is a constant annoyance to the Indian government. It sees the agreement as a serious deviation from the principles of free trade, undermining the work of the General Agreement on Trade and Tariffs.

India has learned to live with this limit on its exports, however, and gets the most out of the quotas. The industry is finding new ways to remain profitable in export markets by devising strategies for securing higher value out of the available quotas. The obvious solution has been to upgrade production.

"We've been working hard on this for the past five years," says Mr. Ratnam. As a result, India is now producing high-quality denims and poplin shirt materials. Large companies, such as Century Mills and Mafatlal Industries, have developed their own brands and are successfully exporting them. Others have entered into joint ventures with foreign companies, such as Tootal from Britain and the Levi Corp. from the United States. This provides access to new technologies and marketing skills.

The strategy of moving upmarket has paid almost immediate dividends. Last year, the industry as a whole managed to boost exports by 38.5 percent, but at the upper end of the market, exports rose even more impressively — by 60 percent.

To Gems, Clothing, Tea — Add Mangoes

Continued from page 17

The attractively Tetra-packed drink is now exported to other countries in the subcontinent, the Middle East, Europe and the United States.

Recently, however, India's biggest source of exports has been gems and jewelry, with most going to the United States. Exports more than trebled in the second half of the last decade, but the U.S. recession and cutbacks in consumer spending are now taking a heavy toll on this business.

The second-biggest export sector is clothing, whose growth has been slower but whose prospects for maintaining increased sales are probably better than those of the gems and jewelry sector.

Among India's oldest exports are coffee, tea and spices, which now stand third in the export league table. Sales have remained steady, although the general trend is downward as competition from new producers and new products takes its toll. Razak Allana, the head of Allanasons, India's biggest exporter of these products, nonetheless welcomes new competition. "It means that turnover will definitely go up," he says, "and those who are not professional will be squeezed out by competition."

Another one of India's traditional export products is cotton, whose export sales have almost doubled in the past decade. M.M. Ratnam, executive director of the Cotton Textiles Export Promotion Council, says that prospects are looking up again. Exports rose by 30 percent in the first quarter of the year. "We're seeing growth across all products," he says.

Silk exports, which have been steadily growing over the past decade, also turned in a good performance, with export sales rising by 20 percent in the second half of the year.

Export sales in the newer synthetic textiles industry increased by an even more impressive 41 percent, although from a much smaller base.

While smaller companies are looking for ways into individual export markets, a more wide-ranging approach is being developed by ITC, India's tobacco giant. It is keen to diversify out of the tobacco industry while still relying on tobacco as the base for the company's earnings.

Nevertheless, ITC is thinking of joining the growing business of data processing, which is well-suited to this country of trained, English-speaking operators who can service the data-processing requirements of large multinational companies at a fraction of the cost at their home base.

The company is also breaking new ground in selling shrimp overseas. The rapidly developing shrimp business is exclusively export-oriented.

Other ITC businesses, such as paper and packaging materials, edible oils, textiles and leather goods, are already performing well in the domestic market.

ITC will soon be allocating $10 million in seed capital for the establishment of a company in Europe to act as its base for developing businesses overseas.

This supplement was written by Stephen Vines, a Hong Kong-based journalist, after a visit to India.

Rockwell International
With 3 Fortune 500 giants for partners
Allied Signal
SHARP
Bharat Forge
Bharat Forge, our flagship Company has grown from Asia's leading commercial forgeshop into the fifth largest in the world. It now stands on the threshold of global leadership in forgings and machined
The Kalyani group of industries has grown into one of India's most diversified industrial concerns contributing significantly to the country's core sector industries. And has met the demands of discerning customers
KALYANI
PRATIDHA 91-039

Smash
Technical Collaboration and/or Joint Venture
Jackets & Soft Toys
The Apeego Group Ships about five million pieces of cotton knitwear and Woven Garments annually to distinguished clients in Europe and North America. The company is the Sixth Largest Manufacturer-Exporter with a countrywide presence for branded leisurewear and seeks a strategic alliance for state of art production and export marketing of Casualwear Jackets (Quota free to EEC from India) and stuffed soft toys both of which are new diversifications.
Please Contact:
Anil Goyel
Managing Director
Apeego Corporation
116, Maker Chambers III,
Nariman Point,
BOMBAY-400 021.
INDIA
Telephone : (91-22) 232345/243455
Telex : 1182117 APGO IN
1186904 APGO IN
Fax : (91-22) 2871127

In the galaxy of Indian Exports, this 'Star' shines out brightly...
Allanasons – designated 'Star Trading House' by the Ministry of Commerce, Government of India.
Allanasons is the second largest among the 4 export houses to be conferred the much coveted 'Star Trading House' status by the Ministry of Commerce, Government of India. Into wide scale international exports, besides offering assistance in import-export and commercial services. Having risen on the international horizon and is there to stay and shine.
allana
ALLANASONS LTD.
Allana House, 4, Allana Road, Colaba, Bombay 400 039, India.
Phone: (22) 287 44 55
Telex: 118 3317 ALNA IN, 118 4849 ALNA IN
Fax: (22) 2044821, 2047002

UK JAPAN ITALY USA
SINGAPORE BELGIUM FRANCE GERMANY
INDIA EXPORTS IT
STATE BANK FINANCES IT
Today, State Bank makes its presence felt. Globally. With 45 offices in 30 countries. And during '90-91 total export finance worth Rs. 25,120 million. State Bank grants not only conventional credit facilities to finance exports, but also provides various forms of promotional and developmental support to exporters. The State Bank Group. The leading commercial and investment banking group in India. With over 12,000 offices. Assets of about US $ 50 billion. And handling 45% of India's foreign trade.
The Bank also handled nearly 70% of the total project finance emanating from India in '90-91. The aggregate value of projects assisted was Rs. 140,800 million in 47 countries. So you see, if it has to do with India's exports, it usually has to do with State Bank. Your global link to India.
State Bank
Headquarters: State Bank of India, International Division, Central Office, Madame Cama Road, Bombay 400 021
Tel: 2028664; Telex: 0118-2995 SBID IN; Fax: (22) 2040073

MONDAY SPORTS

Western Samoa Gains Quarterfinals

Compiled by Our Staff From Dispatches

Western Samoa produced six tries Sunday on the way to overwhelming Argentina, 35-12, in Pontypridd, Wales, and blasting its way into rugby's World Cup quarterfinals.

The match was marred, however, when referee Jim Fleming sent off a player from each side in the second half for fighting: Western Samoan lock Mataafa Keenan and his opposite number, Pablo Garbse.

Although Argentina dominated Western Samoa in the lineouts and in the scrums, the Western Samoans displayed greater polish, with wings Timo Tagaloa and Brian Lima scoring two tries each. Fly half Steve Bachop and center Frank Bunce also had tries for Western Samoa.

Western Samoa's victory means the unseeded team will meet Scotland in Murrayfield next weekend. Keenan will not be in the game because of his expulsion.

RUGBY WORLD CUP

Scoring

Western Samoa—Tries: Tagaloa (29, 72), Lima (40, 79), Bunce (60), Bachop (77). Conversions: Vaea (21, 40, 73, 77). Penalty: Vaea (34).

Argentina—Try: Teran (35). Conversion: Arbizu (36). Penalties: Laborde (14), Arbizu (62).

New Zealand 31, Italy 21: In Leicester, England, New Zealand struggled to a predictable but unconvincing victory even though fly half Grant Fox kicked 15 points and lifted his international total past 500.

Italy produced one of the best performances by one of the World Cup's smaller nations at the tournament, tackling fiercely and forcing some All Black defensive errors.

New Zealand scored four tries, but Massimo Cuttitta and Massimo Bonomi scored tries for the Italians, who toward the end threatened to narrow the score further. Italy was the first team to score tries against New Zealand in this tournament.

Scoring

New Zealand—Tries: Brooke (2), Innes (26), Tuigamala (45), Hewett (67). Conversions: Fox (2, 45, 67). Penalties: Fox (7, 15, 57)

Italy—Tries: Marcello Cuttitta (60), Bonomi (76). Conversion: Dominguez (60, 76). Penalty: Dominguez (24, 54, 72)

France 19, Canada 13: France managed to scrape by in Agen with a try in either half of the game, and now heads into the quarterfinals next weekend against England. Canada will play New Zealand, the defending World Cup champion, in another quarterfinal.

The victory would have been easier had not Didier Camberabero, who had converted right wing Jean-Baptiste Lafond's fifth try of the tournament and kicked a penalty, left the game at the half. His replacement, Thierry Lacroix, missed three out of five penalty kicks and Lafond missed a conversion.

Scoring

France—Tries: Lafond (9), Saint-Andre (57). Penalties: Camberabero (5), Lacroix (62, 75). Conversion: Camberabero (9).

Canada—Try: Wyatt (40). Penalties: Wyatt (26), Rees (77). Drop goal: Rees (60).

■ *In Saturday's games:*

Scotland 24, Ireland 15: In Edinburgh, substitute fly half Graham Shiel rallied Scotland, trailing 15-9, with a try 13 minutes after he entered the game in the second half in place of injured Craig Chalmers. Shiel also set up another try for scrum half Gary Armstrong five minutes from the end.

The result means that Ireland will face Australia in the quarterfinals next weekend in Dublin.

Fly half Ralph Keyes, who leads the individual points-scoring list for the tournament, took his total to 54 by scoring all of Ireland's points with four penalties and a drop goal.

Scoring

Scotland—Tries: Shiel (55), Armstrong (75). Conversions: Gavin Hastings (55, 75). Penalties: Gavin Hastings (14, 29, 62). Drop-goal: Chalmers (24).

Ireland—Penalties: Keyes (5, 19, 33, 46). Drop-goal: Keyes (37).

Australia 38, Wales 3: In Cardiff, Wales suffered a record loss at home as Australia dominated the lineouts and kept the Welsh largely confined to their own half.

Australia's success, which included six tries, would have been even more overwhelming had goal-kicker Michael Lynagh not missed five kicks in the first half.

Scoring

Australia—Tries: Roebuck (34, 80), Slattery (45), Campese (50), Horan (73), Lynagh (79). Conversions: Lynagh (46, 50, 73, 80). Penalties: Lynagh (9, 29).

Wales—Penalty: Ring (37).

Romania 17, Fiji 15: In Brive, France, Fiji tied the score at 12-12 when Tomasi Rabaka connected on a drop goal and then went ahead 12-9 on a drop goal by Opeti Turuva. But Romania scored two tries within five minutes to take the lead for good and win their first game in the tournament after two losses.

Scoring

Romania—Try: Ion (38), Dumitras (52), Sasu (56). Conversion: Racoon (38). Penalty: Racoon (42)

Fiji—Penalty: Turuva (8, 71). Drop: Rabaka (30, 44), Turuvo (49)

(AP, Reuters, AFP)



Ross Setford/The Associated Press

Fly half Lisandro Arbizu of Argentina feeding the ball out to his back line, but Western Samoa's defense only allowed one try.

Miami Withstands the Penn State Blitz

By Malcolm Moran
New York Times Service

MIAMI — On the University of Miami sideline, Lamar Thomas pleaded his case wherever he could — to quarterback Gino Torretta, to coach Dennis Erickson. Anyone.

The Nittany Lions' blitzing defense had created problems for Miami's passing game Saturday, but Thomas, a junior wide receiver, was unconvinced. "I told them, 'We can run right by these guys. They're not that fast,' " Thomas said.

Thomas's 42-yard touchdown reception, against the coverage of cornerback Derek Bochna, became the difference as No. 2 Miami prevailed, 26-20, over No. 9 Penn State.

Tony Sacca, whose 263 passing yards were three more than Torretta's total, had given his team a chance to win after two touchdown passes, throws of two and nine yards to Terry Smith, in the second half.

It was not until an interception by Darryl Williams on the 1-yard line ended Penn State's last possession with 1:40 to play that the Nittany Lions were done in.

Undefeated Miami won for the 41st straight time in the Orange Bowl, the second-longest major-college home-field winning streak in history.

Penn State was hurt by a costly penalty and a breakdown in its kicking game. The penalty, for an illegal receiver downfield, nullified a Sacca pass that would have been a touchdown in the first quarter.

The trouble in the kicking game resulted in a 91-yard punt return by Kevin Williams, the longest in Miami school history, to give the Hurricanes a 20-6 lead with 4:15 to go in the third quarter.

■ *In other games, The Associated Press reported:*

No. 1 Florida State 33, Virginia Tech 20: In Tallahassee, Florida, wide receiver Kevin Knox caught a 38-yard touchdown pass and set up another score with a 62-yard reception as Florida State (6-0) extended the nation's longest Division I winning streak to 12 games.

The Seminoles trailed for the second straight week but took a 20-14 lead at halftime when Knox scored on the 38-yard pass from Casey Weldon.

No. 3 Washington 48, Toledo 0: Mario Bailey caught three scoring passes from Billy Joe Hobert in the first half in Seattle to become Washington's leader in career touchdown passes.

No. 10 Florida 35, No. 4 Tennessee 18: In Gainesville, Florida, Shane Matthews threw for

COLLEGE FOOTBALL

245 yards and two touchdowns, and the defense forced five turnovers and blocked a punt to power the Gators (5-1).

No. 5 Michigan 45, Michigan State 28: Elvis Grbac threw three touchdown passes, two to Desmond Howard, as the Wolverines overcame the Spartans in East Lansing, Michigan.

Texas 10, No. 6 Oklahoma 7: In Dallas, safety Bubba Jacques returned a fumble 30 yards for a touchdown in the fourth quarter as the Longhorns stunned the Sooners.

No. 7 Notre Dame 42, No. 12 Pitt 7: In South Bend, Indiana, Reggie Brooks blocked a Pitt punt and downed the ball in the end zone, 63 seconds after Notre Dame had converted a fumbled punt into a touchdown, helping the Irish (5-1) end the unbeaten string of Pitt (5-1).

Rice 20, No. 8 Baylor 17: In Waco, Texas, Jeff Ireland missed three field goals in the second half, opening the way for the winning 13-yard field goal by Darrell Richardson with 2:39 to go. Josh LaRocca, the Rice freshman reserve quarterback, had guided his team 67 yards to the Baylor 13 before Richardson kicked the winner.

No. 20 Illinois 10, No. 11 Ohio State 7: Freshman Chris Richardson kicked a 41-yard field goal with 36 seconds to play to lift Illinois (7-0) over visiting Ohio State.

No. 13 California 45, Oregon 7: In Berkeley, California, Mike Pawlawski threw two touchdown passes and California improved to 5-0.

No. 14 Nebraska 49, Oklahoma State 15: Keithen McCant completed 17 of 19 passes for a career-high 231 yards and three touchdwons, and Derek Brown ran 143 yards and scored three times to lead visiting Nebraska.

East Carolina 23, No. 15 Syracuse 20: In Syracuse, New York, Jeff Blake turned a broken pass play into a 43-yard touchdown run with 12:45 left in the game to give the Pirates their fifth straight victory. The Orangemen lost for the second straight week.

East Carolina scored on three of its first four possessions in the second half after falling behind, 20-10.

No. 17 Iowa 10, Wisconsin 6: Matt Rodgers hit Mike Saunders with a 14-yard touchdown pass on fourth down with 44 seconds left to give Iowa the victory in Madison, Wisconsin.

Virginia 20, No. 18 Clemson 20: In Clemson, South Carolina, Nelson Welch kicked a 40-yard field goal with 46 seconds left to allow the Tigers to tie Virginia, which had led by 20-10 with six minutes left in the game.

No. 19 Alabama 62, Tulane 0: Freshman David Palmer scored touchdowns on a 69-yard punt return and two pass receptions as Alabama scored the first six times it handled the ball in Tuscaloosa, Alabama.

No. 22 Georgia 37, No. 23 Miss 17: In Oxford, Mississippi, Larry Ware ran for 166 yards and two touchdowns to lead Georgia.

No. 24 Auburn 24, Vanderbilt 22: Jim Von Wyle helped Auburn snap a two-game losing streak with a 27-yard field goal with 1:27 left.

No. 25 Colorado 55, Missouri 7: In Boulder, Colorado, Darian Hagan passed for two touchdowns and ran for 101 yards while Lamont Warren rushed for 110 yards to crush Missouri.

■ *Gerald Eskenazi of The New York Times reported:*

There was a blue-gray October sky Saturday in New York, there was the Hudson River as a backdrop, and there were remembrances of victories past for the Class of '61.

Remember? It has been 30 years since Columbia's last (and only) Ivy League football title. Who remembers that the Lions were tied by Harvard for the championship back then?

So the modern Columbia Lions celebrated with a 20-14 victory over Penn, the first triumph of the year for Columbia — and its second of the 1990s.

Thirty years later, victories don't come easily. But Columbia got one for the old grads who showed up on Broadway.

COREBOARD

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division

	W	L	T	Pts	GF	GA
New Jersey	4	0	0	8	27	10
Washington	4	1	0	8	20	15
N.Y. Rangers	3	3	0	6	15	20
Pittsburgh	2	1	1	5	14	13
N.Y. Islanders	2	1	0	4	12	12
Philadelphia	0	3	1	1	11	18
Adams Division						
Montreal	3	1	1	7	17	8
Hartford	1	1	1	3	9	8
Buffalo	1	2	1	3	14	16
Boston	1	3	1	3	23	19
Quebec	1	3	0	2	15	16

CAMPBELL CONFERENCE

Norris Division

	W	L	T	Pts	GF	GA
Minnesota	3	0	0	6	10	6
Chicago	2	2	1	5	21	19
St. Louis	2	2	0	4	11	15
Toronto	2	3	0	4	19	16
Detroit	0	3	1	1	11	18
Smythe Division						
Vancouver	4	1	0	8	20	15
Los Angeles	2	1	2	6	18	18
Winnipeg	2	2	1	5	18	19
Calgary	2	3	0	4	23	15
Edmonton	1	3	1	3	12	21
San Jose	1	4	0	2	16	23

FRIDAY'S RESULT

N.Y. Rangers	0	1	0—1
Pittsburgh	3	2	0—5

Turcotte (1); Krygier (1), Khristich (2), Ridley (1), Hunter (1), Pivenka (3). Shots on goal—New York (on Liut) 9-9-9—27. Washington (on Richter) 12-12-8—32.

SATURDAY'S RESULTS

Pittsburgh	0	1	0—1
New Jersey	1	2	1—4

Coffey (2); Vilgrain (1), Richer (4), C. Lefebvre (2), Stastny (3). Shots on goal: Pittsburgh (on Terreri) 5-5-7—17. New Jersey (on Cormeau) 7-15-10—32.

N.Y. Rangers	1	1	0—2
Hartford	1	2	2—5

Turcotte 2 (3); Sanderson (1), Zalapski (1), Dineen (2), McKenzie (1), Cunneyworth (1). Shots on goal: New York (on Whitmore) 11-12-11—34. Hartford (on Vanbiesbrouck) 7-15-11—33.

Chicago	3	2	2—7
Washington	0	1	1—2

Smith (2), Hudson (1), Thomas (1), Roenick (1), Noonan (1), Creighton (4), Goulet (4); Patrick (1), Bondra (3). Shots on goal: Chicago (on Hrivnak) 19-8-5—32. Washington (on Waite) 8-11-8—27.

Detroit	1	0	1—2
Minnesota	2	1	0—3

Probert (1), Carson (3); Dahlen (2), Gagner (2), Hatcher (1). Shots on goal: Detroit (on Casey) 11-9-12—32. Minnesota (on Cheveldae) 11-9-8—27.

Calgary	0	1	0—1
Edmonton	2	1	0—3

MacInnis (2); Lamb (1), Mellanby (2), Semenov (1). Shots on goal: Calgary (on Ranford) 10-9-3—22. Edmonton (on Vernon) 10-5-7—22.

Montreal	1	4	1—6
Boston	0	0	0—0

Carson (1), Muller (2), McPhee (1), Labeau 2 (2), Corbeneau (3). Shots on goal: Montreal (on Moog, DeGuidice) 5-13-10—28. Boston (on Ray) 13-8-10—31.

Philadelphia	3	1	0—4
N.Y. Islanders	2	3	0—5

Tocchet (2), Brind'Amour (1), Lomakin 2 (2); Flatley (1), Ferraro 2 (2), King (2), Sutter (4). Shots on goal: Philadelphia (on Healy) 15-4-9—28. New York (on Wregget) 11-14-5—30.

Vancouver	1	0	1—2
Toronto	1	0	0—1

Lidster (1), Linden (3); Pearson (4). Shots on goal: Vancouver (on Fuhr) 21-10-13—44. Toronto (on McLean) 5-6-5—16.

Buffalo	1	3	1—5
Quebec	2	2	0—4

Turgeon (1), May (2), Audette 2 (2), Ramsey (1); Nolan 3 (5), Sakic (2). Shots on goal: Buffalo (on Tugnutt) 9-24-7—40. Quebec (on Puppa) 7-10-8—25.

San Jose	1	1	1—3
St. Louis	0	4	2—6

Berezan (1), Mullen (2), Falloon (2); Brown (1), Christian 2 (2), Oates (1), Baron (1), Bassen (1). Shots on goal: San Jose (on Joseph) 8-7-12—27. St. Louis (on Mrlitvs) 12-20-17—44.

Winnipeg	1	1	1—3
Los Angeles	0	0	3—3

Murray (3), Eagles (1), Harrison (1); Granato (3), Donnelly (2), Kurri (4). Shots on goal: Winnipeg (on Berthiaume) 9-12-8-2—31. Los Angeles (on Essensa) 6-8-14-2—30.

Japanese Baseball

CENTRAL LEAGUE

	W	L	T	Pct.	GB
x-Hiroshima	73	53	2	.579	—
Chunichi	69	58	1	.543	4½
Yakult	66	63	2	.512	8½
Yomiuri	66	64	0	.508	9
Taiyo	63	66	1	.488	11½
Hanshin	48	81	0	.372	26½

Saturday's Result

Hiroshima 4, Hanshin 0

Sunday's Results

Hanshin 3, Hiroshima 2, 18 innings, 1st game

Hiroshima 1, Hanshin 0, 2nd game

Chunichi 10, Yakult 0

PACIFIC LEAGUE

	W	L	T	Pct.	GB
x-Seibu	81	43	6	.653	—
Kintetsu	77	48	5	.616	4½
Orix	64	63	3	.504	18½
Daiei	53	69	3	.434	27
Nippon Ham	53	72	5	.424	28½
Lotte	44	77	4	.364	35½

x-clinched pennant

Saturday's Result

No games scheduled

Sunday's Result

Lotte 10, Seibu 3

FRENCH NATIONAL CHAMPIONSHIP CADETS

St. Germain-en-Laye 10, PUC 4

FOOTBALL

Selected College Scores

EAST

Air Force 46, Navy 6
Boston College 33, Louisville 3
Citadel 20, Army 14
Columbia 20, Penn 14
Delaware 35, Boston U. 21
East Carolina 23, Syracuse 20
Fordham 14, Harvard 7
Holy Cross 23, Dartmouth 6
Lafayette 20, Bucknell 16
Lehigh 35, Northeastern 22
New Hampshire 34, Richmond 0
Princeton 59, Brown 37
Rhode Island 17, Massachusetts 14
Rutgers 48, Maine 17
West Virginia 10, Temple 9
Yale 25, Colgate 7

SOUTH

Alabama 62, Tulane 0
Appalachian St. 21, E. Tennessee St. 14
Auburn 24, Vanderbilt 22
Bethune-Cookman 20, Howard U. 14
E. Kentucky 27, W. Kentucky 22
Florida 35, Tennessee 18
Florida St. 33, Virginia Tech 20
Georgia 37, Mississippi 17
Georgia Southern 44, W. Carolina 6
Georgia Tech 34, Maryland 10
James Madison 55, Towson St. 31
LSU 70, Arkansas St. 14
Liberty 28, Delaware St. 9
Louisiana Tech 12, South Carolina 12
Marshall 38, Furman 35
McNeese St. 10, NE Louisiana 10
Memphis St. 17, Southern Miss. 12
Miami 26, Penn St. 20
Middle Tenn. 23, Austin Peay 8
Mississippi St. 31, Kentucky 6
Murray St. 40, Tenn.-Martin 24
N. Carolina A&T 41, Florida A&M 19
NW Louisiana 24, North Texas 10
North Carolina 24, Wake Forest 10
S. Carolina St. 21, Morgan St. 6
Samford 13, Cent. Florida 6
Troy St. 30, S. Illinois 13
Tulsa 34, SW Louisiana 20
Virginia 20, Clemson 20
William & Mary 40, VMI 26

MIDWEST

Akron 38, Youngstown St. 24
Ball St. 10, E. Michigan 8
Bowling Green 45, Ohio U. 14
Cincinnati 38, Kent 19
Illinois 10, Ohio St. 7
Indiana 44, Northwestern 6
Indiana St. 16, E. Illinois 15
Iowa 10, Wisconsin 6
Kansas St. 16, Kansas 12
Miami, Ohio 10, Cent. Michigan 10
Michigan 45, Michigan St. 28
Minnesota 6, Purdue 3
N. Iowa 17, Illinois St. 14
Notre Dame 42, Pittsburgh 7
SE Missouri 34, Tennessee Tech 31
W. Illinois 26, SW Missouri St. 21
W. Michigan 22, N. Illinois 10

SOUTHWEST

Arkansas 29, Houston 17
Cameron 51, Prairie View 6
Nebraska 49, Oklahoma St. 15
Rice 20, Baylor 17
SW Texas St. 31, Stephen F.Austin 15
Sam Houston St. 28, Nicholls St. 19
Texas 16, Oklahoma 7
Texas Southern 26, Alcorn St. 7
Texas Tech 38, Southern Meth. 14

FAR WEST

Arizona St. 24, Oregon St. 7
Brigham Young 31, Texas-El Paso 29
California 45, Oregon 7
Colorado 55, Missouri 7
Fresno St. 42, Long Beach St. 14
Montana 21, Boise St. 7
N. Arizona 27, Montana St. 16
Nevada 41, Idaho St. 21
Pacific U. 63, Cal Poly-SLO 28
Portland St. 35, E. Washington 23
San Diego St. 38, New Mexico 24
San Jose St. 39, New Mexico St. 13
Southern Cal 24, Washington St. 27
Stanford 56, Cornell 6
UCLA 54, Arizona 14
UNLV 25, Cal St.-Fullerton 3
Utah 57, Wyoming 42
Washington 48, Toledo 0
Weber St. 45, Idaho 17

Canadian Football

Eastern Division

	W	L	T	PF	PA	Pts
Toronto	10	5	0	548	434	20
Winnipeg	8	7	0	416	411	16
Ottawa	6	8	0	393	428	12
Hamilton	1	13	0	284	454	2
Western Division						
Edmonton	10	5	0	501	409	20
Calgary	9	5	0	463	443	18
Brit Colmb	9	6	0	569	518	18
Saskatchwn	5	9	0	512	565	10

Friday's Result

Winnipeg 28, Toronto 27

Saturday's Result

Edmonton 45, British Columbia 38

TENNIS

HOLSTEN INTERNATIONAL
In Berlin, Semifinals

Arnaud Boetsch, France, def. Patrik Kuehnen, Germany 6-3, 6-2; Petr Korda (4), Czechoslovakia, def. Anders Jarryd (7), Sweden, 6-3, 1-6, 6-2.

Final

Korda def. Boetsch, 6-3, 6-4.

EUROPEAN INDOORS
In Zurich, Semifinals

Steffi Graf (1), Germany, def. Helena Sukova (5), Czechoslovakia, 6-4, 6-3; Nathalie Tauziat (6), France, def. Manuela Maleeva-Fragniere (4), Switzerland, 7-6 (7-3), 7-6 (7-5).

Final

Graf def. Tauziat, 6-4, 6-4.

SEIKO SUPER TOURNAMENT
In Tokyo, Semifinals

Stefan Edberg, Sweden (1), def. Goran Ivanisevic, Yugoslavia (6), 6-4, 7-6 (7-2), 7-5; Derrick Rostagno (7), U.S., def. Ivan Lendl (3), Czechoslovakia, 7-6 (7-4), 6-2.

Final

Edberg def. Rostagno, 6-3, 1-6, 6-2.

GOLF

Dunhill Cup

In St. Andrews, Scotland
Quarterfinals

South Africa (3), 2, United States (1), 1
John Bland, South Africa, def. Curtis Strange, U.S., 68-69.

David Frost, South Africa, def. Steve Pate, U.S., 70-71.

Fred Couples, U.S., def. Gary Player, South Africa, 67-74.

Scotland (5), 3, Ireland (4), 0

Sam Torrance, Scotland, def. Ronan Rafferty, Ireland, 68-72.

Gordon Brand Jr., Scotland, def. Eamonn Darcy, Ireland, 71-72.

Colin Montgomerie, Scotland, def. David Feherty, Ireland, 73-74.

Sweden (6), 2, England (3), 0

Per Ulrik Johansson, Sweden, def. Nick Faldo, England, 73-74.

Mats Lanner, Sweden, tied Paul Broadhurst, England, 70-70 (no points awarded).

Anders Forsbrand, Sweden, def. Steven Richardson, England, 69-78.

Wales 2, Canada 1

Phillip Price, Wales, def. Danny Milevic, Canada, 69-70.

Dave Barr, Canada, def. Philip Parkin, Wales, 68-69.

Ian Woosnam, Wales, def. Dan Halldorson, Canada, 67-78.

Semifinals

South Africa 3, Scotland 0

David Frost, South Africa, def. Sam Torrance, Scotland, 64-70.

Gary Player, South Africa, def. Gordon Brand Jr., Scotland, 70-74.

John Bland, South Africa, def. Colin Montgomerie, Scotland, 69-72.

Wales 1, Sweden 0

Ian Woosnam, Wales, def. Per Ulrik Johansson, Sweden, 65-68.

Phillip Parkin, Wales, tied Anders Forsbrand, Sweden, 68-68.

Phillip Price, Wales, tied Mats Lanner, Sweden, 71-71.

Final

Sweden (6) 2, South Africa (8) 1

Anders Forsbrand, Sweden, def. John Bland, South Africa, 68-69.

David Frost, South Africa, def. Per-Ulrik Johansson, Sweden, 68-74.

Mats Lanner, Sweden, tied Gary Player, South Africa, 74-74 (won on first sudden-death playoff hole).

Third Place

Scotland (3) 2, Wales 1

Sam Torrance, Scotland, def. Ian Woosnam, Wales, 70-71.

Colin Montgomerie, Scotland, def. Phillip Parkin, Wales, 69-78.

Gordon Brand Jr., Scotland, tied Phillip Price, Wales 69-69.

SOCCER

DUTCH FIRST DIVISION

FC Den Haag 1, Feyenoord Rotterdam 4

Standings: Feyenoord Rotterdam 17 points; PSV Eindhoven 15; FC Twente Enschede, Vitesse Arnhem and Sparta Rotterdam 14; Ajax Amsterdam and Roda JC Kerkrade 13; RKC Waalwijk 12; FC Utrecht and MVV Maastricht 11; FC Groningen, Volendam and SVV/Dordrecht '90 10; Willem II Tilburg 9; Fortuna Sittard 7; FC Den Haag 6; VVV Venlo and De Graafschap Doetinchem 3.

GERMAN FIRST DIVISION

VfL Bochum 1, Karlsruher SC 3

FC Nuremberg 4, VfB Stuttgart 3

Eintracht Frankfurt 0, Borussia Moench. 0

Dynamo Dresden 2, Werder Bremen 1

Schalke 5, Hansa Rostock 0

Bayern Munich 8, Borussia Dortmund 3

Homburger SV 0, Wattenscheid 1

Kaiserslautern 2, Bayer Leverkusen 1

FC Cologne 1, MSV Duisburg 1

Stuttgarter Kickers 0, Fortuna Duesseldorf 1

Standings: Eintracht Frankfurt 18 points; MSV Duisburg and Bayer Leverkusen 16; VfB Stuttgart, Kaiserslautern and Borussia Dortmund 15; Schalke, FC Nuremberg, Homburger SV and Karlsruher SC 14; Werder Bremen and Hansa Rostock 13; Bayern Munich 12; Stuttgarter Kickers, Wattenscheid and FC Cologne 11; VfL Bochum and Dynamo Dresden 10; Fortuna Duesseldorf and Borussia Moench. 9.

EUROPEAN CHAMPIONSHIP
Qualifier Results
In Seville, Spain

France 2, Spain 1

Group one standings: x-France 14 points; Czechoslovakia 8; Spain and Iceland 4; Albania 2.

x-qualified

In Moscow

Soviet Union 0, Italy 0

Group three standings: Soviet Union 11 points; Italy, Hungary and Norway 7; Cyprus 0.

Final

Sweden (6) 2, South Africa (8) 1

Anders Forsbrand, Sweden, def. John Bland, South Africa, 68-69.

David Frost, South Africa, def. Per-Ulrik Johansson, Sweden, 68-74.

Mats Lanner, Sweden, tied Gary Player, South Africa, 74-74 (won on first sudden-death playoff hole).

Third Place

Scotland (3) 2, Wales 1

Sam Torrance, Scotland, def. Ian Woosnam, Wales, 70-71.

Colin Montgomerie, Scotland, def. Phillip Parkin, Wales, 69-78.

Gordon Brand Jr., Scotland, tied Phillip Price, Wales 69-69.

TRANSACTIONS

BASEBALL

American League

MILWAUKEE—Reinstated Ron Robinson, pitcher, from 60-day disabled list. Assigned Dan August, Jim Hunter and Jim Czajkowski, pitchers, and Matias Carrillo, outfielder, to Denver. American Association. Purchased the contracts of John Johe and Jim Tatum, outfielders, and Otis Green, pitcher, from El Paso, Texas League, and Joe Kmak, catcher, from Denver.

BASKETBALL

National Basketball Association

DETROIT—Released Ray Marble, guard-forward, and Malcolm Hollensteiner, center. HOUSTON—Signed Vernon Maxwell, guard, to 4-year contract extension. Signed Tree Rollins, center. Renounced their rights to David Wood, forward.

France Is First Into European Soccer Finals

The Associated Press

France became the first team to gain the European Championship finals with a 2-1 victory in Spain, and Italy was virtually eliminated with a scoreless tie in the Soviet Union.

Luis Fernandez and Jean-Pierre Papin scored in the first 15 minutes for France (7-0), which missed the 1990 World Cup after making the semifinals in 1982 and 1986. France has won 16 consecutive games.

Abelardo Fernandez scored in the 34th minute for Spain, but France went into a defensive shell.

In Moscow, Gianluigi Lentini put a shot over the crossbar in the 43d minute and Ruggiero Rizzitelli hit the right post in the 59th before 92,000 in Lenin Stadium.

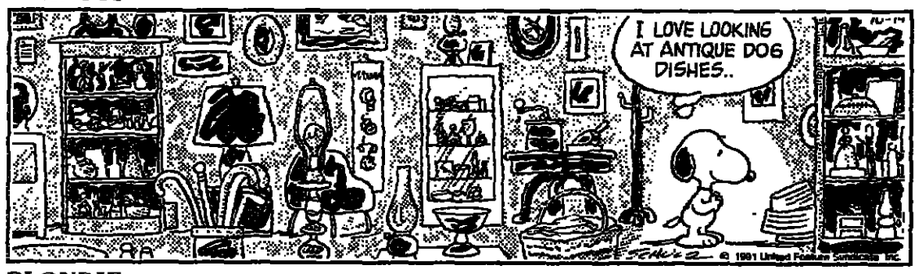
The Soviets (4-0-3) need to tie Cyprus on Nov. 13 to qualify. For Italy (2-1-3) to qualify, it must beat Norway and Cyprus by large margins and hope the Soviets lose to Cyprus.

DENNIS THE MENACE



"GUESS WHAT, JOEY! TODAY'S THE BIRTHDAY OF THE GUY WHO INVENTED AMERICA!"

PEANUTS



CALVIN AND HOBBES



BLONDIE



WIZARD of ID



BEETLE BAILEY



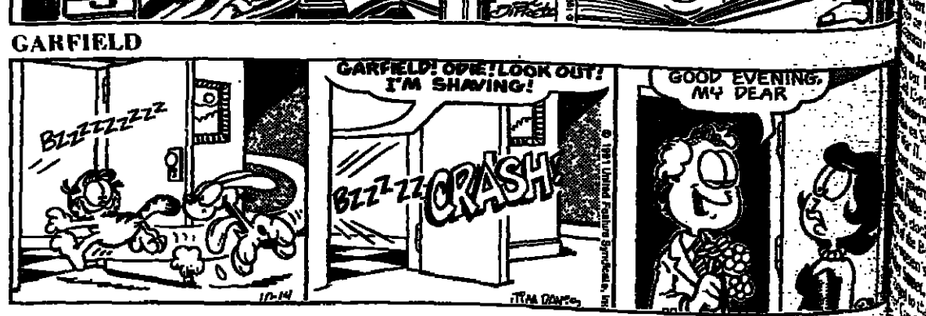
REX MORGAN



DOONESBURY



GARFIELD



JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ICHED

NISHY

EWSUIN

YERKUT



THE BIGGER ONE'S MOUTH IS, THE BETTER IT LOOKS—

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon

Print answer here:

(Answers tomorrow)

Saturday's Jumbles: DADDY LANKY POWDER KERNEL
Answer: In order to achieve success, first plan your work, then — WORK YOUR PLAN

To our readers in Vienna
You can now receive the IHT hand delivered to your home or office on the day of publication.
Please contact: Morawa - Vienna.
Tel.: 515 62 123

Twins on Brink of World Series, Braves Power Past Pirates

Blue Jays Face Elimination

By Robert Fachet
Washington Post Service

TORONTO — The Minnesota Twins can smell the World Series. As for the Toronto Blue Jays, their disgruntled fans would be happy if they just opened the SkyDome roof and cleared the air.

The Twins knocked out Todd Stottlemyre with a four-run fourth inning on Saturday night and breezed to a 9-3 victory, thereby moving within one victory of the American League pennant.

Right-hander Jack Morris earned his second AL playoff victory this fall, pitching eight innings and enjoying 13-hit support as Minnesota took a 3-1 lead in the best-of-seven competition. Game 5 was to be played here Sunday.

Dan Gladden broke out of a zero-for-13 rut with three hits and three RBI, Kirby Puckett's three hits included a homer and Mike Pagliarulo, hero of Friday's 10-inning victory, had two RBI and made a wonderful diving catch at third base.

The Blue Jays broke down defensively, with shortstop Manuel Lee and third baseman Kelly Gruber committing errors that led to unearned runs. Gruber also failed to backhand a ball that went past him for a double, while Lee remained hitless in the series.

Stottlemyre, pitching the first time in this series, had a 15-8 record during the regular season. In defeating the Twins twice in the last 10 days of the season, he yielded two runs in 11⅓ innings.

"As far as weaknesses and strengths, I know theirs and they know mine," he said before the game. "I don't know if there is an advantage or disadvantage in having faced them so much recently."

He yielded two-out infield singles to Puckett in the first inning and Shane Mack in the second. There was a moment of trepidation for the home crowd when Pagliarulo, home-run hero of Friday night, followed Mack and sent a long drive to left center that left fielder Mookie Wilson caught two steps from the fence.

Morris won Game 1, although he was chased in the sixth and yielded four runs. He also beat the Blue Jays twice in the regular season.

Of facing the Blue Jays with three days' rest, he said beforehand: "I usually don't have quite as much velocity but better control and movement, so it's kind of a wash. But facing the same team so soon is tough. I think there is more of an advantage to the hitter. They have more at-bats against you in a short time and that gives them a chance to adjust."

After he retired the first five batters, the Blue Jays broke through for a run. Candy Maldonado sent a seeing-eye grounder into center field for a single and came around on a wild pitch and Pat Borders' line single to center.

Toronto got to Morris for two more hits in the third, but was unable to increase its advantage.

Devon White lined a one-out single to center. On a hit-and-run, White dodged Roberto Alomar's line single to right, turned a somersault and fell short of second base. His inability to reach third didn't matter, as he and Alomar executed a double steal on the first pitch to Joe Carter.

However, Carter, acting as designated hitter despite a severely twisted right ankle, struck out for the second time and John Olerud grounded out.

The Twins chased Stottlemyre with the four-run fourth inning that Puckett started with home run deep into the seats in left center.

Chili Davis lined a one-out double to right and took third on Brian Harper's infield out. Mack walked on a 3-2 pitch, then Pagliarulo lined an RBI single to center. Stottlemyre, somewhat shaken, hit Greg Gagne with a pitch to fill the bases.

Gladden, hitless since Tuesday's opener, sent Stottlemyre packing with a broken-bat single to right that scored two more runs. After lefty David Wells relieved, Gladden stole second. When Chuck Knoblauch struck out, it was the second consecutive inning he'd ended.

There were boos during the rally and there were more when Manuel Lee struck out to close out the Blue Jays' fourth, after Borders had blooped a two-out single to right.

■ *Claire Smith of The New York Times reported earlier:*

Yes, the Toronto Blue Jays lost the third game of the American League playoffs on Friday, but was it the most serious setback of the night?

After all, a chill had already settled over the Jays' pennant hopes a good deal of time before Pagliarulo's pinch-hit home run sailed over the right-field fence for a 10-inning, 3-2 Minnesota victory.

Carter, their biggest run producer, had limped out of the picture because of a sprained right ankle suffered while fielding a ball in the fifth inning.

"If I can walk, I'll be out there," said Carter, who was forced to give way to a pinch-runner in the seventh inning.

The prospect of Carter in a diminished capacity was something Toronto could ill afford. When he was removed from the game, Carter was four for 10. His first-inning home run against Scott Erickson, a 20-game winner, produced his third RBI.

Carter injured his ankle when he had to leap for a ball hit high up the pliable fence in right by Mack. Carter planted his right foot high up on the fence, then landed awkwardly. He limped after the ball and tossed it back into the infield as Mack headed for third.

Mack would eventually score the Twins' first run as Minnesota came back from a 2-0 deficit. But the 54,454 fans' attention was not so much on the base runner as on the player who had been instrumental in leading the Jays to a division title.

For once Carter got rid of the ball, he collapsed and did not regain his feet for several minutes as Toronto trainers worked over him in the outfield. He would later say that he had so jarred the ankle on the fence that he thought he heard something snap.

"I thought I'd broken it as soon as it happened," he said. "The high-tops may have saved it from breaking."

There was a sudden jolt of pain that was so extreme Carter lost feeling in his hands, one reason he believes he did not make the catch as Mack's triple ticked off his glove.

Carter remained in the game, but, said Toronto Manager Cito Gaston: "I think Joe played two innings on guts."

Finally, after Carter was issued an intentional walk in the seventh, he was lifted for a pinch-runner. "He finally admitted he couldn't run," Gaston said.

Carter was examined by the Toronto team physician, Dr. Allan Gross, in the dugout and fitted with an air cast. The Blue Jays later reported that he had suffered a sprained ankle.

AL Boxscores

FRIDAY'S GAME

MINNESOTA	ab	r	h	bi	TORONTO	ab	r	h	bi
Gladden lf	5	0	0	0	White cf	5	0	1	0
Knoblch 2b	5	1	2	0	R.Alomr 2b	3	0	1	0
Puckett cf	5	0	2	1	Carter rf	3	1	1	1
C.Davis dh	4	0	1	0	Ducey rf	1	0	0	0
Mack rf	4	1	1	0	Olerud 1b	2	1	0	0
Hrbek 1b	3	0	0	1	Gruber 3b	5	0	1	0
Gagne ss	2	0	0	0	Cn.Maldnd lf	4	0	1	1
Serrano ph	1	0	0	0	Mullinks dh	1	0	0	0
Newman ss	0	0	0	0	Tabler ph	0	0	0	0
Ortiz c	3	0	0	0	M.Wilson dh	1	0	0	0
Larkin ph	1	0	0	0	Borders c	3	0	0	0
Harper c	0	0	0	0	Mn.Lee ss	4	0	0	0
Leius 3b	3	0	0	0					
Pagliarl 3b	1	1	1	1					
Totals	37	3	7	3	Totals	32	2	5	2

Minnesota	000	011	000	1—3
Toronto	200	000	000	0—2

E—Timlin (1). DP—Minnesota 1, Toronto 2. LOB—Minnesota 6, Toronto 10. 2B—Knoblauch (1), Puckett (1), Cn.Maldonado (1). 3B—Mack (1). HR—Pagliarulo (1), Carter (1). S—R.Alomar, Borders.

	IP	H	R	ER	BB	SO
Minnesota						
Erickson	4	3	2	2	5	2
West	2⅔	1	0	0	3	3
Willis	2	1	0	0	0	1
Guthrie W,1-0	⅓	0	0	0	0	0
Aguilera S,2	1	0	0	0	0	0
Toronto						
Key	6	5	2	2	1	1
Wells	1⅔	1	0	0	0	2
Henke	1⅓	0	0	0	1	3
Timlin L,0-1	1	1	1	1	0	1

Erickson pitched to 1 batter in the 5th.
WP—West 2.
Umpires—Home, Roe; First, Welke; Second, Reilly; Third, McKean; Left, Barnett; Right, Johnson.

SATURDAY'S GAME

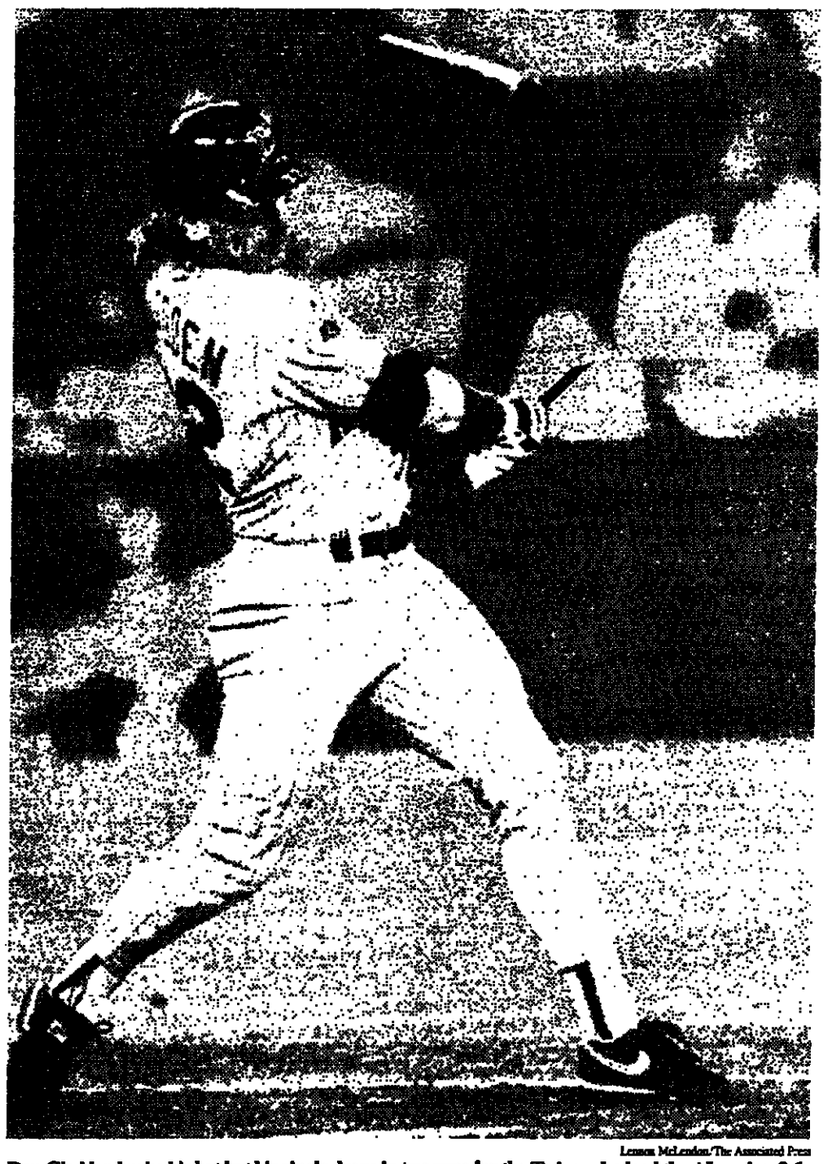
MINNESOTA	ab	r	h	bi	TORONTO	ab	r	h	bi
Gladden lf	5	1	3	3	White cf	5	0	2	0
Knoblch 2b	5	0	0	0	R.Alomr 2b	5	0	2	1
Puckett cf	4	2	3	2	Carter dh	5	0	0	0
Hrbek 1b	5	0	0	0	Olerud 1b	5	0	1	0
C.Davis dh	4	1	2	0	Gruber 3b	4	1	1	0
J.Brwn dh	0	1	0	0	Cn.Maldnd rf	4	1	1	0
Harner c	5	1	1	0	Borders c	4	0	3	2
Mack rf	3	1	1	1	Mn.Lee ss	3	0	0	0
Pagliarl 3b	4	2	2	2	Mullinks ph	0	1	0	0
Leius 3b	0	0	0	0	M.Wilson lf	3	0	1	0
Gagne ss	4	0	1	0					
Totals	39	9	13	8	Totals	38	3	11	3

Minnesota	000	402	111—9
Toronto	010	001	001—3

E—Gagne (1), Gruber (3), Mn.Lee (1). LOB—Minnesota 9, Toronto 10. 2B—C.Davis 2 (2), Harper (2), Pagliarulo (1), Gruber (1), Borders (1). HR—Puckett (1). SB—Gladden (2), White (2), R.Alomar (2). CS—Gagne (1). SF—Puckett, Mack.

	IP	H	R	ER	BB	SO
Minnesota						
Morris W,2-0	8	9	2	2	1	3
Bedrosian	1	2	1	0	1	2
Toronto						
Stottlemyre L,0-1	3⅓	7	4	4	1	3
Wells	1⅔	2	2	2	0	3
Acker	⅔	1	0	0	0	1
Timlin	2	2	2	0	1	2
MacDonald	1	1	1	1	1	0

HBP—by Stottlemyre (Gagne).
WP—Morris 2.
Umpires—Home, Welke; First, Reilly; Second, McKean; Third, Barnett; Left, Johnson; Right, Roe.



Lennox McLendon/The Associated Press

Dan Gladden broke his bat but his single drove in two runs for the Twins, who lead the AL series, 3-1.

Olson's Hitting Leads Way

By Murray Chass
New York Times Service

ATLANTA — Greg Olson, who spent the first seven years of his professional baseball career languishing in the New York Mets' minor league system because he couldn't hit, dazzled the Pittsburgh Pirates with his bat and his feet.

Shaking off his "no-hit" image, Olson helped power the Atlanta Braves to a 10-3 victory on Saturday and a two-games-to-one lead in the National League playoffs.

The teams were to play the fourth game Sunday night.

Olson, 31, but in only his second major league season, slugged a two-run homer as the climax to a four-run burst against John Smiley, a 20-game winner, in the first inning.

Consecutive doubles by Ron Gant, David Justice and Brian Hunter preceded the catcher's home run. In his next time at bat, in the third, Olson singled with two out, stole second and scored as Rafael Belliard singled.

Sid Bream, who played for the Pirates in last year's playoff, sealed the victory with a three-run homer in the eighth inning.

The Pirates suffered their seventh loss in seven games here this year and clearly must start hitting if they hope to win either of the next two games here. In this series, the Pirates have only 4 hits in 30 at bats with runners in scoring position.

John Smoltz was not as sharp as he had been in most of his recent starts, but the lone right-hander in the Atlanta rotation survived repeated threats and continued the winning that was the hallmark of his second half of the season.

Smoltz, who had a 2-11 record in the first half of 1991 and a 12-2 mark thereafter, scattered eight hits in 6⅓ innings and struck out seven. The first hit came on his very first pitch. Orlando Merced swatted it over the center-field fence for a 1-0 lead, which the Pirates did not maintain for long. The last hit Smoltz surrendered was Jay Bell's home run in the seventh.

Smiley, who in his last four starts allowed only two runs in 24 innings, lasted only two innings. He pitched to 12 batters, and five of them rapped extra-base hits.

The big one was Olson's home run. When he played for Lynchburg, Jackson and Tidewater from 1982 through 1988, Olson was not noted as a home-run hitter. The Mets didn't think he was much of any kind of hitter and let him proceed slowly through their system. There was never any thought of giving him a chance with them.

"I felt at the time they were an offense-oriented club, and my forte always has been defense," Olson said. "They had some good catchers then, like Gary Carter, Barry Lyons and Ed Hearn could swing the bat pretty good, too. I was always tagged with that no-hit image.

"It's something tough to shake. I was never close to making the team. My first year at Tidewater I put together a real good year offensively and defensively, but they didn't even want to put me on the 40-man roster."

Olson became a minor league free agent after the 1988 season and signed with the Minnesota Twins. After another year in the minors, he opted for free agency again and joined the Braves.

This time, through a series of departing catchers, he was successful in reaching the major leagues, starting out as the third-string catcher but becoming the starting catcher and going to last year's All-Star Game as the Braves' representative.

This season he batted .241, hitting 6 home runs and driving in 44 runs. He started 32 consecutive games from Sept. 1 through the division clincher, receiving relief in late innings only twice.

Before Olson batted for the first time Saturday, the Braves scored two runs, matching their total for the first two games. Smiley retired the first two batters, but Gant lined a double to right field, and Justice and Hunter cracked doubles to left, the last two each driving in a run.

Olson, who had two singles in the second game, then went to bat and lashed a 2-2 pitch from Smiley over the left-field fence for a just-like-that 4-1 lead.

The Braves scored one more run in the second inning. Again Smiley got the first two batters, but then he made a mistake, hitting Lonnie Smith with an 0-2 pitch. Then Merced made a mistake.

Smiley had Smith picked off first, but Merced threw wide of second, and Smith raced to third as the ball sailed into left field. Terry Pendleton followed with another double, driving in Smith.

NL Boxscore

PITTSBURGH	ab	r	h	bi	ATLANTA	ab	r	h	bi
Merced 1b	5	1	1	1	La.Smith lf	5	1	0	0
Ra.Rdrgz p	0	0	0	0	K.Mitchl lf	1	0	0	0
J.Bell ss	5	1	3	1	Pendltn 3b	5	0	2	1
VnSlyke cf	3	0	1	0	Gant cf	5	2	2	1
Bonilla rf	5	0	0	0	Justice rf	3	1	1	1
Bonds lf	5	1	1	0	Hunter 1b	4	1	1	1
Buechl 3b	4	0	2	0	Pena c	0	0	0	0
La.Valire c	2	0	0	0	Olson c	3	3	2	2
Slaught c	1	0	1	0	Lemke 2b	2	1	0	0
Lind 2b	4	0	1	1	Belliard ss	3	0	1	1
Smiley p	0	0	0	0	Smoltz p	3	0	1	0
Espy ph	1	0	0	0	Stanton p	0	0	0	0
B.Lndrm p	0	0	0	0	Wohlers p	0	0	0	0
Varsho ph	1	0	0	0	Bream 1b	1	1	1	3
Patrsn p	0	0	0	0					
Wilkrsn ph	1	0	0	0					
Kipper p	0	0	0	0					
McClndn 1b	0	0	0	0					
Totals	37	3	10	3	Totals	33	10	11	10

Pittsburgh	100	100	100—3
Atlanta	611	000	13x—10

E—Merced (1), J.Bell (1). LOB—Pittsburgh 11, Atlanta 5. 2B—J.Bell (1), Buechele (2), Pendleton (1), Gant (1), Justice (1), Hunter (1). HR—Merced (1), J.Bell (1), Gant (1), Olson (1), Bream (1). SB—Bonds (3), Smoltz (1), Olson (1). CS—La.Smith (1), Justice (1). S—Belliard.

	IP	H	R	ER	BB	SO
Pittsburgh						
Smiley L,0-1	2	5	5	4	0	2
B.Lndrum	1	2	1	1	2	2
Patterson	2	1	0	0	0	3
Kipper	2	2	1	1	0	1
RoRodriguez	1	1	3	3	2	1
Atlanta						
Smoltz W,1-0	6⅓	8	3	3	2	7
Stanton	⅔	1	0	0	1	0
Wohlers	⅓	1	0	0	1	1
Pena S,2	1⅔	0	0	0	0	1

Stanton pitched to 1 batter in the 8th. HBP—by Smiley (La.Smith). WP—Stanton.
Umpires—Home, DeMuth; First, Grego; Second, Davidson; Third, Froemming; Left, Harvey; Right, Pulli.



Agence-France Presse

Even the former president Jimmy Carter was doing the chop.

All of Atlanta Is Doin' the Chop

New York Times Service

ATLANTA — Half an hour before game time, to the beat of tom-tom drums and to the eerie "oooh-oooh, oooh-oooh-oooh" chant of 50,000 voices, 50,000 tomahawks began waving. Up and down, as if chopping a huge stalk of celery.

"Welcome," said the announcer, "to Tomahawk Country."

Welcome to the land of the foam-rubber tomahawk and a phenomenon that has accompanied, if not lifted, the Braves into the playoffs.

"You don't wave to anybody anymore in Atlanta," said Stan Kasten, the Braves' president. "You give them 'the chop.'"

When the Braves departed Tuesday for Pittsburgh, buses carried the team to the airport. On the way, a prison road gang, noticing the caravan, stopped cutting grass to do the chop. As the Braves' chartered jet taxied onto the runway, pilots in other jets gave them the chop.

And now, the Baseball Hall of Fame has requested a tomahawk to put on display.

NL PLAYOFFS

Redskins Stay Unbeaten, Cowboys Off to Best Start Since '86

Compiled by Our Staff From Dispatches

Washington remained undefeated with a 42-17 victory over the Cleveland Browns on Sunday as Redskins wide receiver Art Monk passed another milestone in National Football League receiving history.

Monk moved into second place on the all-time NFL receiving list. His seven catches, for 106 yards, gave him 756 career receptions. He moved past Charlie Joyner with his 751st catch, a 14-yard, first-quarter touchdown pass from Mark Rypien that gave the Redskins a lead they would never lose.

Washington needed all of Monk's catches and running back Ricky Ervins's 133-yard, two-touchdown effort because Cleveland used a trick-play touchdown and a score off a Washington fumble to pull within 21-17 midway through the third period.

But the Browns, who were hit with nine penalties for 93 yards, saw their comeback undone when they could not score after the Redskins opened up a 28-17 lead on a 12-yard touchdown run by Ervins.

After Monk's touchdown catch, Cleveland tied the score 7-7 with 14:35 elapsed in the first period on an 11-yard, fake field goal touchdown pass from punter Brian Hansen to wide receiver Webster Slaughter.

It was the first time Washington had allowed an opponent to score in RFK Stadium this season. The Redskins had shutouts in their first three home games.

Washington took a 14-7 lead on its next possession when Gerald Riggs capped a 72-yard drive with a one-yard touchdown run after Rypien had fired a 15-yard pass to Monk at the Cleveland 1. Earlier in the drive, Monk caught a 17-yard pass and Gary Clark had an 18-yard catch.

The Redskins opened a 21-7 halftime advantage on a 21-yard touchdown run by Earnest Byner with 4:14 remaining in the second quarter. The scoring run capped a 96-yard drive, Washington's longest of the season.

Cleveland lost a scoring opportunity late in the second quarter when Eric Metcalf fumbled at the Washington 1 after being hit by linebacker Wilber Marshall at the completion of a 21-yard pass play. The ball hit the end zone pylon and rolled out of bounds, giving Washington possession at its own 20.

But the Browns mounted a second-half comeback, using a 26-yard field goal by Matt Stover and touchdown off a fumble to close within 21-17 with a little more than eight minutes to play in the third quarter.

Then Washington came right back, going ahead 28-17 on a 12-yard touchdown run around left end by rookie running back Ricky Ervins.

Washington added another touchdown on a one-yard plunge by Riggs with 8:10 left in the fourth period. The Redskins' final score came on a 65-yard touchdown run by Ervins.

Cowboys 35, Bengals 23: A 61-yard throw from Troy Aikman to Michael Irvin ignited Dallas's second comeback of the game and the Cowboys came up with three second-half turnovers to down winless Cincinnati in Irving, Texas.

The Cowboys came back from an early 10-point deficit and then, after letting a 21-10 halftime lead get away in the third quarter, rallied with two fourth-period touchdowns.

The first of those, a two-yard run by Emmitt Smith, was set up by Aikman's 61-yard pass to Irvin, boosting the Cowboys to a 5-2 record and their best start in five years.

The Bengals lost for the sixth time in as many starts, suffering from the same malady that has plagued them all season — dropped passes and turnovers. After Smith's two-yard touchdown run on the first play of the fourth quarter put the Cowboys in front, 28-23, the Bengals turned the ball over on three straight possessions.

The second of those three turnovers was a pass from Boomer Esiason that was tipped by defensive end Jim Jeffcoat into the hands of rookie linebacker Dixon Edwards, who ran 36 yards for the touchdown that put the game away.

Saints 13, Eagles 6: While backup quarterback Steve Walsh threw a game-winning 14-yard touchdown pass to Dalton Hilliard, the game in Philadelphia was decided in the trenches by two head-butting defenses. It was New Orleans' sixth straight victory.

The Saints' league-leading defense, which hasn't allowed an offensive touchdown in 16 quarters, intercepted five passes, sacked rookie Brad Goebel and his sub Pat Ryan five times and recovered a fumble.

The recovered fumble led to a second-period 36-yard field goal by Morten Andersen, who later kicked wide on a 43-yard attempt for his first miss in 12 tries this season.

The Saints' touchdown and second field goal were initiated by pass interceptions.

The Eagles' defense, third best in the league, was almost as tough, intercepting two passes and sacking starter Bobby Hebert twice before he left suffering from a concussion in the second period.

Bills 42, Colts 6: In Orchard Park, New York, Jim Kelly started and Frank Reich finished. In between, Indianapolis discovered it didn't make much difference who was at the controls of Buffalo's super-efficient offense, which scored touchdowns on its first six possessions.

Buffalo, which scored only six points in losing its first game of the season Monday, piled up 396 yards of offense in improving to 6-1. Buffalo has won 14 straight at home and 29 of its last 31 games at Rich Stadium. Indianapolis is winless in seven games.

Kelly, the NFL's top-rated passer, took a hit to the head late in the second quarter and became disoriented. He remained in the locker room at the half as medical personnel watched him for signs of a concussion.

With the Bills up by 15 points at Kelly's exit, Reich came in to close out the drive with a five-yard scoring pass to Keith McKeller that pushed the lead to 28-6 at the half.

Vikings 34, Cardinals 7: In Minneapolis, the Vikings ended a three-game losing streak by stopping Phoenix, with Cris Carter catching six passes for 118 yards, including one touchdown pass, and playing key roles in four of Minnesota's five touchdown drives.

Rich Gannon, who replaced Wade Wilson as Minnesota's starting quarterback last week, completed 23 of 31 passes for 254 yards and two touchdowns.

(AP, UPI)

NFL ROUNDUP

SIDELINES

Capiot Wins Paris-Tours Cycling

TOURS, France (AP) — Johan Capiot of Belgium won the final sprint to capture the traditional Paris-Tours cycling classic on Sunday.

Capiot edged German Olaf Ludwig and Dutchman Nico Verhoeven as the pack swallowed up the last of the breakaway riders a few hundred meters before the finish line of the 286-kilometer (177-mile) distance. Christophe Lavienne of France broke away early and led by more than 27 minutes before he was overtaken about 33 kilometers from the end.

The race was the 11th in the World Cup competition but did little to change the overall standings with Italian Maurizio Fondriest still in the overall lead.

For the Record

Jimmy Connors pulled out of the Lyon Grand Prix tournament Saturday, citing a neck injury. The 39-year-old Connors, who was a wild-card entry in the Lyon tournament, still is scheduled to play in tournaments in Stockholm and Paris later this month. *(AP)*

Chris Evert and former Olympic downhill skier Andy Mill had their first baby on Saturday as Evert, 36, gave birth to an 8-pound, 6-ounce (3.8-kilogram) boy named Alexander James Mill. *(AP)*

American James Toney easily defended his IBF middleweight title by knocking out Italian Francesco Dell'Aquila in the fourth round of a scheduled 12-round fight in Monaco. *(AP)*

Polish heavyweight Przemyslaw Saleta battered Ian Bulloch of Britain in Warsaw on Saturday, in Poland's first professional boxing match since World War II. All professional sport was banned by Poland's former communist regime, which took over in 1944. The ban was lifted after the Solidarity government took over in 1989. *(Reuters)*

Negash Dube of Ethiopia beat Japan's Taisuke Kodama by 11 seconds on Sunday, clocking 2 hours, 12 minutes, 54 seconds to win the men's division of the Beijing International Marathon. Deborah Noy of Britain won the women's division in 2:35:18. *(AP)*

Morley Street, the British and American 1990 Steeplechaser of the Year, surged to the front two fences from the finish and won the $250,000 Breeders' Cup Steeplechase on Saturday in Fair Hill, Maryland. Morley Street is an Irish-bred gelding. *(AP)*

Sweden Defeats South Africa in Dunhill Playoff

The Associated Press

ST. ANDREWS, Scotland — Mats Lanner sank an 8-foot (2.4-meter) putt on the first playoff hole to beat Gary Player of South Africa and lift Sweden to the title in the Dunhill Cup golf tournament on Sunday.

Earlier in the day, Lanner made a 7-foot birdie putt on the fifth playoff hole to beat Philip Price of Wales for a 2-1 semifinal victory.

The championship round came down to sudden death after Lanner and Player finished tied at 2-over-par 74 for 18 holes.

The two countries had split the first two matches, with Sweden's Anders Forsbrand beating Joseph Bland, 68-69, and South Africa's David Frost defeating Per-Ulrik Johansson, 68-74.

Player and Lanner both hit good tee shots to open the playoff on the 371-yard, par-4 first hole of the Old Course. Player put his approach shot 15 feet from the pin, while Lanner chipped to about half that distance.

After Player left his birdie putt a foot short, the Swede rolled his straight into the cup.

It was a welcome relief for Lanner, who had blown a one-stroke lead over Player on the 18th hole.

It was a remarkable weekend for South Africa, which eliminated the top-seeded United States, 2-1, on Saturday in the quarterfinals then put on a spectacular display to beat Scotland, 3-0, in the semifinals. The South Africans were competing in an international team event for the first time in 11 years.

The U.S. elimination was sealed when team captain Curtis Strange and Steve Pate bogeyed No. 17, the notorious "Road Hole."

● Chip Beck followed his record-matching 59 on Friday with a 68 on Saturday but still lost ground in the low scoring Las Vegas Invitational. Beck's total was 24-under 264, a shot behind Craig Stadler, D.A. Weibring, Bruce Lietzke and Andrew Magee after three rounds. His round Friday equaled the 14-year-old record for low score in a PGA event and brought Beck a $500,000 bonus from tournament sponsors.

● Sandy Lyle won his first tournament since 1988 with a 20-under-par 268 in the BMW Open in Munich on Sunday. *(AFP)*

Rostagno Produces 12 Aces, but Edberg Prevails

The Associated Press

TOKYO — Stefan Edberg fought off another barrage of service aces on Sunday to win his third tournament in a row, beating upset specialist Derrick Rostagno, 6-3, 1-6, 6-2, in the final of the Seiko Super tennis tournament.

Rostagno, who reached the final by beating Boris Becker of Germany and Ivan Lendl of Czechoslovakia, slammed in 12 aces against one by Edberg, the world's No. 1-ranked player.

But a couple of volley errors when he was serving at 2-3 in the deciding set ended his streak. Nevertheless, Rostagno said of his performance in the tournament, "I really shouldn't complain."

Edberg thus added the Seiko title to his triumph last week in the Australian Indoor Open and his U.S. Open championship in early September.

On Saturday, Goran Ivanisevic of Yugoslavia bombarded Edberg with 21 aces before the Swede prevailed, 4-6, 7-6 (7-2), 7-5.

■ Graf Hurting, but Victorious

● Top-seeded defending champion Steffi Graf of Germany defeated sixth-seeded Nathalie Tauziat of France, 6-4, 6-4, on Sunday to win the European Indoors tennis tournament for the fifth time, The Associated Press reported from Zurich.

Graf, ranked No. 2 in the world, rarely was in danger in the 66-minute match, despite an inflamed right wrist that bothered her throughout the tournament, in which she did not lose a set.

Tauziat had upset second-seeded Gabriela Sabatini in the quarterfinals and No. 4 Manuela Maleeva-Fragniere in the semifinals.

● Fourth seed Petr Korda of Czechoslovakia defeated Arnaud Boetsch of France, 6-3, 6-4, Sunday to win an ATP tournament in Berlin. Boetsch was a qualifier in the tournament.

AT&T USADirect Service.
Your Express Connection to AT&T Service.

Calling the States when you're overseas has never been easier. All you have to do is dial a number to be connected to an AT&T Operator in the U.S. You can use your *AT&T Calling Card* or call collect.

AT&T USADirect Service is available in over 90 countries. Here are some of them

AUSTRIA**	022-903-011	ITALY**	172-1011
BELGIUM**	11-0010	LUXEMBOURG	0 800-0111
DENMARK**	8001-0010	NETHERLANDS**	06* 022-9111
EGYPT*3	356-0200	NORWAY**	050-12011
FINLAND**	9800-10010	POLAND2	010-480-0111
FRANCE**	19* 0011	PORTUGAL	05017-1-288
GERMANY*	0130-0010	SAUDI ARABIA4	1 800-100
GREECE**	00-800-1311	SPAIN	900-99-00-11
HUNGARY**	00* 36-0111	SWEDEN**	020-795-611
IRELAND	1 800-550-000	SWITZERLAND**	155-00-11
ISRAEL	177-100-2727	U.K.	0800-89-0011

For additional *USADirect* access numbers or information about the service call us collect at 412-553-7958. When in the U.S., call 1 800 874-4000 Ext. 416 for your free *USADirect* information card.

*Await second dial tone. **Public phones require coin or card. 1Western portion. 2Dial "0" and await second tone outside Warsaw. 3Dial "02" first, outside of Cairo. 4Limited availability.

AT&T The right choice.

The Rise and Fall and Rise of a Wine Guru

International Herald Tribune

PARIS — When a young Englishman named Steven Spurrier came to Paris just 20 years ago to open a wine shop, the French were beguiled by his longish hair, his Turnbull and Asser shirts in vivid colors, his engaging public school stutter. And they were amused by his presumption.

The shop, Caves de la Madeleine, was an immediate success in part, Spurrier says, because the great Paris wine merchants of the

MARY BLUME

time, such as Besse and Legrand, not only had little time for small clients but didn't speak to each other. Spurrier spoke with everyone, says David Fromkin, an early backer, had a perfect palate combined with originality and flair. It was the start of the foodie (and winie) era and the Brits and Americans were ahead of the French.

With an American, Patricia Gallagher, he founded the first wine tasting school in Paris. He opened a restaurant, the Moulin du Village, a few doors from his shop, and then an adjacent sandwich bar called The Blue Fox and a wine bistro at La Defense. Such former assistants as Mark Williamson, Tim Johnston and Drew Harre strengthened what Spurrier calls the English mafia by opening their own restaurants. The atmosphere was laid back, there were country wines as well as grands crus: Spurrier's delivery boys looked like the sons of belted earls, and perhaps they were.

He made world headlines in 1976 when he invited French wine experts to a blind tasting of great Bordeaux reds, splendid Burgandy whites and six California wines that no one had heard of. The California wines won and the French judges, outraged, claimed they had been duped. It was not a diplomatic move, but Spurrier was on a roll.

"I was banned from tasting in Paris and Macon for a year but I didn't mind at all. It was fun, it promoted the Académie du Vin. In hindsight it was an historic event and how often in life do you get to create an historic event?"

Spurrier, who left Paris in 1982, was talking in a retrospective mood. A lot of claret has flowed under the bridge and Spurrier, still thick of hair and slim of waist, was in town to celebrate his 50th birthday at the Moulin du Village with his wife, Bella, their two children and several dozen accomplices and friends.

The birthday party wines included Pol Roger '85, a white Graves, Château Rochemorin 1990, a red '86 from the same château, and a sweet Jurançon. The wines the year of Spurrier's birth, 1941, were awful like most things that year and there's not much to be said for 1946, when Bella was born. Spurrier plans to change his birth date for future parties.

"I decided that I will move to 1945, which is a great year and Bella will move to 1953, which is also superb. And maybe if we continue to look reasonably young I'll move to '53 and she'll move to '61, which means we'll be kept in great wines for years and years."

Soberly looking back, Spurrier says now that the great early years in Paris went to his head, augmented by his starring on American TV in commercials for a California winery that had been taken over by Coca-Cola, which involved frequent trips by Concorde to New York for voice-overs. "You don't tend to be bothered by the bottom line when you're flying Concorde," he says.

He remembers friends warning him that he had made bad business decisions and not even knowing what the phrase meant. "My decisions weren't based on business at all, they were based on what I felt like at the time. I was skating around on my charm."

By 1989 Spurrier says he had a negative net worth of £100,000. He and his family had moved back to England where Bella raises Welsh ewes in Dorset, two of which provided the main course for the birthday dinner, and Steven briefly considered planting vines in the chalky soil.

"But if it didn't turn out to be good one would still have to drink it," he said. "I'd prefer to drink a good Chablis than my own chardonnay with a brave face."

Except during a bout of flu, he has never passed a day without wine. Bella likes a glass when she comes home from shepherdessing or hunting. "She's a great wine



Spurrier: A job, not an obsession.

enthusiast but in a gosh-that's-good way."

This is fine with Spurrier: he hates winespeak and wine bores. "Nothing bores me more than a wine bore. They treat it as an obsession, for me it's a job. It's like a painter working with the stuff and then having an art expert come in and talk to him."

Having abandoned most of his business interests in Paris, Spurrier took up a new career in London as a wine consultant for Singapore Airlines with a £5 million annual budget, as a professor at Christie's wine course, which has a student body of well-heeled and even royal bibbers, and, most exciting for him, as the new head of Harrods wine department, which he intends to make the best wine shop in the world. He is bringing in a lot of European and new non-European wines and would like to limit the range of fashionable chardonnays.

"Designer chardonnays are bland and oily and they don't have enough acidity, but they're what the ladies who lunch like because the richness in alcohol tells them they're drinking a glass of wine."

Spurrier's parents, in the English way he says, never raised a glass before 6 P.M., and his older brother drinks filthy wines that are sold in boxes. He entered the wine trade after taking a degree at the London School of Economics, an irony in view of his later failures to locate the bottom line. "My field was accountancy. I failed my first year exam but as I was the only fee-paying student at the LSE they asked me what I'd like to do, so I spent the next three years studying the history of economic thought, which was extremely relaxing."

He joined the oldest firm of London wine merchants in 1964 and soon after inherited £250,000 (about $700,000 at the then rate of exchange) from his grandfather, a sand and gravel tycoon in Derbyshire. He put the £250,000 in his checking account, along with his £10 weekly salary check.

He rather wishes now that his father had informed him of the existence of merchant banks and the delights of living off interest, but his father wasn't much at business either; a kindly man who during World War II drove his tank across enemy lines in Italy to pick fresh peaches for his troops and who was known by his men as Auntie.

"The money stayed in the bank on deposit for a year until I flipped. I was going out with Bella at the time and I traded her in for a model girl. I sold my Triumph Herald for a Mercedes. I made a couple of films. I backed a nightclub. I did everything."

He studied wine in the Bordelais where his private income won him invitations to the great châteaux. He made a bad investment. Then he and Bella settled on a 39-meter barge moored at the Place de la Concorde and the Paris venture began.

Spurrier's favorite saying about wine comes from the psalm, "And wine maketh glad the heart of man, and oil to make his face to shine." He should also have remembered that wine is a mocker.

"A friend of mine wrote a book called 'Inside the Wine Trade' and I'm a chapter called 'A Cautionary Tale.' That was in 1982 and things got a lot more cautionary after that.

"But anyway. I'm still here," Spurrier said.

His 50th birthday celebrated his survival and his renaissance at Harrods and ended with Spurrier leaping onto a table to recall past birthday parties: his 21st in 1962, a dinner-dance given by his family in Derbyshire which unfortunately followed a breakfast party he had given that morning in London, which had followed a deb dance that had lasted until 6:30 A.M. ("Several people lost their jobs that day"), and the party in 1971 that celebrated the Spurriers' arrival in Paris on their barge, and a New York bash in 1981.

"This one in 1991, I never thought I'd have the nerve or the money to give. The whole game starts up again from my point of view," Spurrier said.

"Nobody ever gives me a birthday party," said Bella.

LANGUAGE

Taking Sides With Shakespeare

By William Safire

WASHINGTON — In an article about personal bankruptcy, a New York Times business writer quoted F. Scott Fitzgerald as having remarked to Ernest Hemingway, "the rich are different than you and I."

"You have people to look this up," writes Miriam Hurewitz. "Did Fitzgerald really say it that way? Different than you and I? My students of copy editing at NYU would be interested in your reply."

My students of researching would pick up a copy of the Harper Book of American Quotations, or the Oxford Dictionary of Quotations and find it excerpted from Fitzgerald's story "The Rich Boy," published posthumously in his 1960 collection, "Babylon Revisited": "Let me tell you about the very rich. They are different from you and me." ("The Crack-Up" records Ernest Hemingway's snappy if shallow rejoinder — "Yes, they have more money" — but rarely do we read Fitzgerald's explanation of how the very rich are different: "They possess and enjoy early, and it does something to them, makes them soft where we are hard, and cynical where we are trustful, in a way that, unless you were born rich, it is very difficult to understand.")

The point is that Fitzgerald wrote "from you and *me*," which was misrecollected as "than you and I"; why the I? Let's not get drawn into the *different from/than/to* controversy (*from* is preferable but not solely correct), because the subject today is what follows *than*. Purists — people who defend the ramparts after their honorable position has been outflanked and overwhelmed — want to follow *than* with *I*. Never "than *me*."

Nobody doubts that the objective *me* should follow a preposition; between you and me, not even the most outdated pedant can get away with *between you and I*. The question: Is *than* to be treated as a preposition or as a conjunction? If it's a preposition, like *in, on, by* or *to*, its function is to form a phrase that will serve as a modifier of a noun or verb; if it is a conjunction, like *and, but* or *because*, its purpose is to connect words or groups of words. Let's cut to the chase: If you treat *than* as a preposition, you'll say "than me"; if you treat it as a conjunction, you'll say "than I."

To test the waters of usage on this locution, I slipped a controversial usage into an otherwise mild-mannered political column placing myself on the side of what President Bush came to call a "hostile horde." I referred to a report by a New York Times colleague who, I asserted, "is far more evenhanded than me."

□

The first call was from the shoe-leather pundit Rowland Evans: "I was shocked, shocked to read your piece about the Middle East," he said. "Never have I disagreed with you so completely. To follow the comparative conjunction than with *me*? For shame."

This note from Bernard Kalb, now a fellow at the Freedom Forum Media Studies Center at Columbia University: "*Me*? I! Why? Gotcha, Bernie."

"Are you starting to objectify yourself?" asks A. Posner of East Lansing, Michigan. Melissa Weissberg, a writing tutor at Yale, wonders, "Was this solecism meant simply to demonstrate — graphically — the collapse of grammatical standards?" Robert Hay of Wilmette, Illinois, adds: "I have always considered the word *than* a conjunction, but you apparently have the backing of Merriam-Webster's Ninth New Collegiate Dictionary when you follow *than* with the objective Dictionary when you follow *than* with the objective case. Maybe you're wiser than me (than I am)."

I haven't had so much mail since I wondered where "the wind that shakes the barley" comes from. (That file is all in one closet; I'll get to it one of these days, when I need the closet for an overcoat.) The Gotcha! Gang was out in force; the tone of the "than me" correspondence is expressed by "You, of all people" and "I cannot tell you with what dismay . . ."

□

The only support for the *me* came in a clip sent in by Jeanne Schonberg of New York; she spotted this statement by Lady Antonia Fraser, the historian and wife of the playwright Harold Pinter, who was curious about being identified as a *writer* while Michael Holroyd, the biographer, was labeled an *author*. Said Lady Antonia: "I was baffled but intrigued. What does *writer* mean? Will Michael Holroyd get to be a writer in three years' time? He's three years younger than me."

I'm with you, Lady Antonia; you write better than him. (I mean, of course, "than he does," but I do not write *than he*, because I treat *than* as a preposition, taking *him, her, them* and *me* rather than *he, she, they* and *I*.) Lady Antonia and I are writers; we have an ear attuned to native speech; we can tell when the tide has turned, the conjunction has prepositionated and the writing must follow the speaking. If not us, whom? (Make that "If not us, who?" But not "If not we" anything.)

Why is "than me" better than "than I"? Not only does it sound less strained to native speakers, but also it saves the reader or hearer from having to figure out the unstated verb: "Who is more evenhanded than I [am]." (The *I* is required only when it affects the meaning of the sentence: "She knows him better than I" means that she knows him better than I know him. "She knows him better than me" means that she knows him better than she knows me.)

Even Shakespeare came down on the side of using *than* as a preposition. In "Julius Caesar," the conspirator Cassius describes the Roman leader to Casca as "A man no mightier than thyself, or me."

These days the objective case is beating out the nominative in other areas as well. Purists are the only ones who say, "It is I," although *I* is technically correct as the predicate nominative (a noun or pronoun that follows a linking verb like is). The stuffy-sounding "It is I" has been replaced by the breezier "It's me," and who is to resist breeziness? Not me.

Consider the most famous murder confession. In the early accounts, the fable went this way: "Who killed Cock Robin? 'I,' said the Sparrow, 'With my bow and arrow, I killed Cock Robin.'" In a modern courtroom, would the defendant Sparrow have said, "I"? Of course not: he would have said: "Me. I killed Cock Robin." Today's judges would not accept any confession made in the nominative case.

Let me tell you about the very grammatical. They are different from you and me. They get their habits ingrained early, and it does something to them, makes them rigid where we are flexible, and cynical of usage where we are trustful. In a way that, unless you were exposed at an early age to a severe English teacher, it is very difficult to understand.

New York Times Service

Put the U.S. in your pocket.

If you're an American living in Europe, we'd like to give you your own *AT&T Calling Card*. Free. It will make it much easier for you to connect with the States anytime you're away from your home or office phone.

To make it even easier for you to get your Card, now you can apply right over the phone.

All you need to have is a VISA,® MasterCard,® or American Express® Card account.

With an *AT&T Calling Card*, you can use *AT&T USADirect® Service* and get directly through to an AT&T Operator in the States. From more than 95 countries. And traveling *in* the States, you'll find your Card makes calling everywhere quicker and easier. Using it, you'll also get an itemized record of all your calls with your monthly credit card statement.

Get it once, you'll never need to apply again. It's good for life.

To apply for yours free, simply dial the *AT&T USADirect* access code for this country (see box below), then ask the AT&T Operator to place a collect call to **816 654-6688.**

You'll like having the U.S. in your pocket. And all the help AT&T can give you.



*AUSTRIA	022-903-011	*GREECE	00-800-1311	*NORWAY	050-12011
*BELGIUM	11-0010	*HUNGARY	00◇-36-0111	POLAND*◇	010-480-0111
*DENMARK	8001-0010	IRELAND	1 800-550-000	PORTUGAL	05017-1-288
*EGYPT◇	356-0200	ISRAEL	177-100-2727	*SWEDEN	020-795-611
*FINLAND	9800-100-10	*ITALY	172-1011	*SWITZERLAND	155-00-11
*FRANCE	190-0011	LUXEMBOURG	0-800-0111	*TURKEY	99◇-8-800-2277
GERMANY*	0130-0010	*NETHERLANDS	06◇-022-9111	U.K.	0800-89-0011

*Public phones require coin or card.
◇Await second dial tone.
†Limited availability
◆Not available from public phones.
‡Dial "02" first, outside of Cairo
#Western portion.
*Dial "0" and await second tone outside Warsaw.

For additional *USADirect* access numbers or information about the service, call us collect at 412-553-7458. When in the U.S., call 1 800 874-4000 Ext. 416 for your free *USADirect* information card.

AT&T

©1991 AT&T

Imprimé par Offprint, 73 rue de l'Evangile, 75018 Paris.